JAPAN IN MANCHURIA

An Analytical Study of Treaties and Documents

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AN ANALYTICAL STUDY OF TREATIES AND DOCUMENTS

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JAPAN IN MANCHURIA

AN ANALYTICAL STUDY OF TREATIES AND DOCUMENTS

by

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with a
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Vice President of the Republic of the Philippines
and a Foreword by
GEORGE G. TAN
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Republic of China

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Dedicated to
the Thirty Million People
of Manchuria

PREFACE

by

DIOSDADO MACAPAGAL, D. C. L., Ph. D.
Vice President of the Republic of the Philippines

Man has achieved what the late Pope Pius XII called a "unity of dwelling place." But how to live there in peace and abundance is a question of morality. The basic function of morality existing in the international society is that all States and all mankind may live and let live, and work together in order that all may live more abundantly, in which rivalry may be converted from harmfulness into helpfulness. Man's moral nature for a better world where man lives in peace and abundance, does continually exert a strong influence upon the promotion of international cooperation. The record of modern history shows that States have increasingly agreed to settle international disputes by peaceful means. Man seems to have known that the motto of war is "let the strong survive, let the weak die," while the motto of peace is "let the strong help the weak to survive." However, knowledge and practice do not work together. In fact, war—war of conquest—has not yet been avoided, although it is universally condemned. Moreover, war becomes terrible with years—from sword and gun-powder war to atomic and missile war.

On the other hand, the primary task of international morality, as applied between States, is to re-inforce State policy. If States are in search of territorial expansion, they do not normally justify their demands on grounds of the economic or strategic assets which they wish to acquire. They refer to the need for "natural"

frontiers as Hitler did toward the Polish Corridor in World War II, to a "natural" right of access to the sea as Czarist Russia did in the Cremean War, or to the necessity of "self-defense" as Japan did in Mukden Incident, 1931. Aggressors have sought to blame their opponents for the first attack, and have usually portrayed their own actions as being based on the defense of international law and morality. Benito Mussolini in 1936 brazenly sought to gain moral statute for his war upon Ethiopia by declaring that "Ethiopia has succeeded in imposing war upon Italy." The world did not accept this verdict and the League of Nations voted sanctions against Fascist Government for its action. Japan justified her military action in Manchuria, 1931, on the alleged ground that it was precipitated by a Chinese explosion of the S. M. R. tracks. The League of Nations denied that Japan's military operations as a whole could be regarded measures of self-defense in the soil of China; asserted that the sovereignty of Manchuria belonged to China and that the "Government of Manchukuo" was made possible only by the presence of Japanese troops; and declared that the presence of Japanese troops outside the areas of South Manchuria Railway was incompatible with the legal principles which should govern the settlement of the dispute. Then, the Communists attempted in 1950 to justify their attack on the Republic of Korea by alleging prior aggression by the victim. The United Nations not only did not accept this stand, but further took a military sanction in thwarting aggression.

It is upon this historical background that Dr. Mo Shen has written this volume. For the study of contemporary history of Japan or of the Orient, the knowledge of the history of dominant influence and position acquired by Japan in Manchuria is prerequisite and foremost. And, this volume will serve the purpose of this knowledge.

In addition, this volume is a legal study of "Japa-

nese penetration in Manchuria through the approach of a digest and analysis of treaties, agreements and other documents concerning Manchuria in the light of the historical forces developing there." Much has been written about the "special rights" or "special position" of Japan in Manchuria, but little has dealt with the Japanese dominating influence in Manchuria through a systematic, organized and compact study by way of documentary analysis as Dr. Shen has done in this volume.

A knowledge of the past will serve a lesson. By not forgetting past events, you can take them as guides in future events. Today, the Old Order is gone, and a new Japan is in the making. The renunciation of war as an instrument of national policy is provided in the new Constitution of Japan as it does in the Constitution of the Philippines. The Japanese people fight shoulder to shoulder with other peoples against the Free World's common enemy: Communism which is threatening the existence of mankind.

FOREWORD

by

GEORGE G. TAN
Member, National Academic Council
Republic of China

Dr. Mo Shen was the consul of the Chinese Consulate General at Manila, 1947-1950. My first acquaintance with him was in June 1948 when I arranged for a passport visa to attend the XIVth Olympiad in London. He was at that time acting for the Chinese Consul General. I was then deeply impressed with his characters and manners. He is a man quite accessible, responsible, and straightforward with a keen sense of justice.

His educational and service backgrounds qualify him for writing this volume. He received the degree of Bachelor of Law in Political Science from the Northeastern University at Mukden, 1931. In 1932 he was connected with a committee providing the Lytton Commission with materials concerning Manchurian question. Later, when he taught in the National Northeastern University, 1937 and especially when he was connected with the Chinese Ministry of Foreign Affairs, 1941, he began to gather the documentary materials concerning Japanese aggression in Manchuria. As soon as the Consulate General at Manila was closed in 1950 for reasons of the occupation by the Communists of the Chinese mainland, he stayed in the Philippines to continue advanced study of international politics. He was conferred the degree of Master of Arts in Political Science by the University of Manila in 1957 and the degree of Doctor of Philosophy in Political Science by the University of Santo Tomas in 1959. Throughout the period of these twenty years he collected the concerned data directly or indirectly from China, the United States, and the Philippines.

Coupled with the advantages of his competent background and research endeavor, Dr. Shen himself is a native of Manchuria. It is no wonder that he is so familiar with the story of Japanese aggression in Manchuria. His analyses and interpretations seem to be more dependable than any other contemporary studies on Manchurian issue, inasmuch as he has made a systematic study from the legal standpoint as based on various concerned documents.

In evaluating this volume as a whole, it may not be as popular as the most saleable books in the market, but its contributions to knowledge will considerably fill the gap which has existed both in the Chinese and in the world histories. Besides, its major findings may enlighten the students of history in the historic lessons which will guide the future course of humanity. It will also serve as a good reference book for the studies of Oriental History and World Problems.

Dr. Shen's work clearly points out that the Japanese invasion of Northeast China in 1931 was the actual start of World War II. Subsequent to Japanese aggression upon China, Fascist Italy and Nazi Germany followed suit in their aggression in Africa and Europe. But judging from the historical development, Hitler's Nazism and Mussolini's Fascism were not as strong and deeply-rooted as the Japanese militarism. For generations, the Japanese have been thoroughly indoctrinated that the Japanese people are direct descendants of the Sun God, the Japanese Emperor is the incarnation of God, and the Japanese as a superior race are destined to rule all other nations and peoples. This time-honoured ideology and belief cannot be altered overnight by the post-war superficially streamline endeavors. On the other hand, there is every indication from the present undercurrent existing in Japan that the Japanese militarism or imperialism will revive one day. We hope that in Japan a stronger democratic force will develop and work against its coming back. Unless there is an increasing evidence to the contrary, we have to be realistic in the lessons we have bitterly learned from the past as clearly revealed by Dr. Shen in this volume.

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In the preparation of this work, the author is exceedingly grateful to the distinguished American scholar, Dr. Charles O. Houston, Jr., Director of the Graduate Studies of History and Political Science and Dean of School of Foreign Service of the University of Manila and to Dr. Mercedes Grau Santamaria, professor of Far Eastern History of the University of Santo Tomas, Manila, for their valuable advices. The author wishes to acknowledge his indebtedness to the professors of the University of Santo Tomas, Dr. Norberto de Ramos, an eminent authority on international politics, Dr. Pablo Tangco, a celebrated scholar on international law, and Dr. Diosdado Macapagal, H. E. Vice President of the Philippines, for their helpful encouragement and kind attention. To Dr. Macapagal, the author is more grateful for favoring him with a Preface to this volume. Also a special grateful acknowledgment is expressed to his staunch friend, Mr. George G. Tan, member of China's National Academic Council, for furnishing the Foreword.

The author also wishes to express his heartfelt thanks to the librarian of the Congress library of the United States for having kindly extended the favour of furnishing him with a portion of the necessary documentary references; to Mr. C. P. Peng, First Secretary of the Chinese Embassy at Washington, for copying for him some important materials; and to a Filipino friend, Mr. Felipe Kuo, graduate of the University of the Philippines, for borrowing for him some valuable documentary books from the library of the University of the Philippines. To Mrs. Ann Chih-ching Wang, Chief Librarian of the Philippine Chinese Public Library, Manila, the author likewise wishes to express his warm gratitude for affording him the facilities to use the library references.

To the constant inspiration of His Excellency, the Most Rev. Paul Yu- Pin, Archbishop of Nanking and the generous advice of his son-in-law, Mr. Kuan Tsuan; and to the help of his son, Mr. Frank T. Shen, who is now studying in the United States, for footing for him the bills of those American friends who afforded him the concerned references,

the author owes his success. He is also deeply grateful to his wife for her constant encouragement and attention.

Finally, the author wishes to tender his sincere thanks to those writers either from whom quotations were taken or to whose published works reference was made.

THE AUTHOR

Manila, August 1960

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JAPAN IN MANCHURIA

AN ANALYTICAL STUDY OF TREATIES AND DOCUMENTS

By not forgetting the past, you can take them as guides in the future.

—— Chinese Proverb

It is Japan's aggression upon China which, while ruining Japan herself, has paved the way for the later occupation of the mainland of China by the Chinese Communists who gained strength during the fifteen years of Japanese armed aggression upon China — 1931-1945.

THE AUTHOR

INTRODUCTION

AS born and grown up in Manchuria, the author naturally finds much interest in the Manchurian question. Moreover, the fact that he personally saw and watched the recent important developments in Manchuria has made him feel intimate and familiar with the subject matter.

The approach to this study is derived from about more than twenty years of research, beginning from 1929 when the author studied in the Northeastern University at Mukden, Manchuria and especially from the spring of 1932 when he was connected with the Northeastern Affairs Research Committee at Peiping, which was a Manchurian question research body established chiefly for the purpose of providing Chinese Government with various statements on Manchurian case for the reference of Lytton Commission. His service in the Northeastern Affairs Research Committee brought him in contact with many known scholars and authorities on Manchurian question. Later, in 1937 when he taught in the National Northeastern University, he had a peaceful time to bury his head in the authoritative works on Manchurian question. After the Marco Polo Bridge Incident, he served in the Foreign Office of China in humble capacities with men who themselves wrote the pages of the history of Sino-Japanese relations, and thus had the chance to dive into the sea of the various documents concerning Manchurian question. These experiences created his deeper insight into the forces which had determined the course of events in Manchuria.

The richest function of history is to disclose the resources of the problems and promises of the contempo-

rary world. It is then the purpose of this work (1) to find the treaty bases of Japan's commitments to the Open Door and of Japan's legal rights and interests in Manchuria; (2) to expose the violations of the Open Door and the illegal acquirements of the so-called special rights and interests by Japan in Manchuria through the analysis of treaties and other documents; (3) to point out the policy of Japan in the establishment of her dominant influence and position, political as well as economic, in Manchuria; (4) to explain the historical forces which determined the course of events developing in Manchuria; and (5) to show the significance of the Manchurian question to the world and the importance of maintaining collective security.

As shown in the Table of Contents, apart from the introduction and conclusion, this work is divided into three parts which fall in twenty five chapters. Chapters I to VI constitute Part One. Chapter I is a study of the origin of the problem which gives a brief and general account of the historical background of the development of Japanese dominating influence in Manchuria. Chapters II to VI deal with Japan in relation to the Open Door and foreign interests in Manchuria through an analytical investigation of the concerned treaties and documents. A detailed treaty study of Japan's "special rights and interests" in Manchuria is presented in Part Two which is composed of Chapters VII to XX. Part Three holding Chapters XXI to XXV is devoted to a critical treatment of the Manchurian crisis and the international intervention in the light of international laws. Finally, this study is closed with a conclusion pointing out the incompatible and implacable problems existing between China and Japan in Manchuria and the inevitable collapse of collective security resulting from the Manchurian crisis.

Much has been written about the Japanese influence in Manchuria, but little has appeared in contemporary literature about the Japanese penetration in Manchuria through a systematic, organized and compact study by

way of treaties and documents, likewise the story of it given by the literature was neither of a satisfactory analysis nor in its full truth. Of course, there are some authoritative works on Manchurian question, excellent within their limited legalistic approach but lacking in appreciation or evaluation of the broader historical forces which determined the course of events. There is, therefore, a need for further investigation of the subject matter such as is attempted in this work. It is the aim of this work to contribute to a clarification of the issues and to provide a systematic, organized and compact exposition of Japanese penetration in Manchuria through the approach of a digest and analysis of treaties, agreements and other documents concerning Manchuria in the light of the historical forces developing there.

Historically, the word "Manchuria" was a Japanese version given by the Japanese military ambitionists to the vast territory of Northeast China which the Chinese formerly called the "Three Northeastern Provinces" or "Three Eastern Provinces"—Fengtien (later renamed Liaoning), Kirin and Heilungkiang; and now, since the liberation from Japanese occupation, the territory has been redefined by the Chinese Government, for administrative purpose, into nine provinces and three special municipalities. The nine provinces are Liaoning, Antung, Liaopei, Kirin, Sungkiang, Hokiang, Heilungkiang, Nunkiang, and Hsingan. As to the three special municipalities, they are Dairen, Harbin, and Shenyang (Mukden). The Japanese version was employed on the reason that the Manchu dynasty, which ruled China since the seventeenth century, had emanated from that territory. But, actually, as early as they came to rule China, the so-called Manchus had began to adopt the way of life of the Han tribe, the principal tribe of the greater Chinese nation, and to inter-marry with the Han people. Long before the overthrow of the Manchu dynasty, the Manchus had been assimilated altogether by the Han people, and they no longer had their own language and way of life—

no distinction and difference existed between the Manchu and Han peoples.

The aim of Japanese insistence on calling the Northeast China as Manchuria, or later Manchukuo—Manchu State—was malicious and notorious for the convenience of their aggression upon the territory. Nevertheless, the Japanese-coined word "Manchuria" or "Manchukuo" was indiscriminately adopted by the western world, instead of the "Northeast China."

The Japanese attack at Pearl Harbor, December 7, 1941, was a natural culmination of the unchecked expansion and aggrandizement of Japan's militaristic and imperialistic forces which had been stirring in the Orient for more than half a century. As we look back, Japanese policy in the Orient before 1945 bore a striking resemblance to the plan of Emperor Meiji revealed in the known Premier Tanaka's Memorial as follows:

> . . . In the future, if we want to control China, we must first crush the United States just as in the past we had to fight in the Russo-Japanese War. But in order to conquer China we must first conquer Manchuria and Mongolia. In order to conquer the world we must first conquer China. If we succeed in conquering China, the rest of the Asiatic countries and the South Sea countries will fear us and surrender to us. . . . This is the plan left to us by Emperor Meiji, . . .
>
> . . . . . .
>
> . . . According to the last will of Meiji, our first step was to conquer Formosa and the second step to annex Korea. Having completed both of these, the third step is yet to be taken and that is the conquest of Manchuria, Mongolia and China. When this is done, the rest of Asia including the South Sea Islands will be at our feet. That these injunctions have not been carried out even now, is a crime of your humble servants.[1]

---

[1] For the text of the Memorial, see "Tanaka Memorial," *The China Critic*, Chinese-edited English weekly, Shanghai, Vol. IV, No. 39 (September 24, 1931), pp. 923-934; Carl Crow (ed.), *Japan's Dream of World Empire: The Tanaka Memorial* (New York and London: Harper and Brothers, 1942). (See Appendix L.)

This Meiji's plan had been the guiding principle of Japan's positive policy toward China, and under this Meiji's plan the history of Japan's aggression upon Manchuria in particular and China in general had been written.

Japanese positive policy found its expression in every walk of life. Among others, the children were invariably imbued with the idea that they could not live without Manchuria which was the life line to Japan, by various far-fetched ways. For instance, cookies or biscuits which bore the character "Manchuria" were distributed to the grade pupils, and the teachers would take the advantage to explain to the pupils that the cookies or biscuits had come from Manchuria, and if the pupils wanted to have them eaten through their lives they had to conquer Manchuria. Another instance is that the grade pupils were no less often forced to thrust their slender hands into the ice-frozen water purposely prepared in the cold morning of winter season, and the teachers would avail themselves of this chance to explain to the pupils that if they wanted to live a happy life they must go to Manchuria where the climate was colder than that of Japan and therefore they should receive a climate training for the convenience of their future adaptation to the colder climate of Manchuria. To mention one more instance which represented more positive attitude of aggression, parents often purposedly provided their children with the rice food mingled with artificial blood in order to indicate that the rice had come from Manchuria and it could not be gotten without shedding blood.

The principal arguments held by Japan for her necessary aggression upon Manchuria in particular and China in general fall into the following four: (1) overpopulation, (2) lack of foodstuff, (3) deficiency of raw materials, and (4) market needed for the manufactures. For the solution of these cardinal problems, a positive policy was advocated by Japan toward China, which, in the opinion of the Japanese, could fulfill Japan's demands inasmuch as she is big in land size and rich in natural

resources, but under-developed. It was the Japanese shibboleth that "for self-existence Japan could not help invading China, that as unavoidable should win Chinese sympathy and understanding." But, the Japanese should have known that China wants to exist is no less than Japan. It is unjustified that one struggles for existence at the expense of others. It is a wrong logic that the existence or prosperity of Japan was built upon the ruination or weakness of China. It should be remembered that one's existence can only be obtained and kept safe under the principle of mutual and common existence.

This wrong ideology of the Japanese had its origin from the development of nationalistic militarism since Meiji Restoration of 1867 when a military class had been created. The Army and Navy had the privileges to name their own ministers to the cabinet. By simply withdrawing their nomination, the Army and Navy could prevent the formation of a cabinet until the premier-designate had named his other cabinet ministers acceptable to the generals and admirals. In this way, the military gained control over the government. Out of the military discontent with the "weak policy" of the political parties grew the so-called nationalistic militarism which became a religion because of "the false conception that the Emperor is divine and that the Japanese people are superior to other races and fated to rule the world," as told by the Japanese Emperor Showa in his Imperial Rescript of New Year's Day, 1946.

It is quite unbelievable that a peaceful cooperation between the two neighbours, Japan and China, could not exist. Japan and China should be firm friends and should speak with the united voice of the Orient. Dr. Sun Yat-sen had called China and Japan natural friends, unnatural enemies, and had said that, from whatever point of view, China and Japan should cooperate wholeheartedly. He declared that the relationship between the two countries should be common existence or com-

mon extinction. Similarities in language and culture and a complementary economic relationship would have seemed to steer Japan and China into parallel paths—and they may do so in the future—but Japan preferred to act more often toward China as a most disagreeable superior than as an understanding neighbor. It is a gross mistake on the part of Japan to adopt a "positive policy" instead of a good neighbourhood policy. The "positive policy" is really a suicide policy, the truth of which had been proved on board the *Missouri*, September 2, 1945. It is generally believed that the so-called Japan's four problems, such as overpopulation, lack of foodstuff, deficiency of raw materials, and market needed for the manufactures as asserted by Japan, might gradually be solved by the peaceful means of economic cooperation between China and Japan, as Japan's economic help and technical assistance were deadly needed by China which is potentially rich and under-developed. Before the Mukden Incident of September 18, 1931, for instance, the Chinese Government, handicapped by financial difficulties and technical deficiency, was anxious to invite the cooperation of foreign countries in developing the natural resources of Manchuria and particularly anxious that Japan, a close neighbour, should lay down her aggressive policy and offer that needed cooperation. But, very sorry, Japan disregarded this constructive means, and resorted directly to military force in annexing, or otherwise gaining administrative and political control over, Chinese territories. Moreover, instead of offering help to China, Japan prevented China from developing her economic or political or even her military power, and, further, protested against China doing so upon the ground that China might become so strong as to be a danger to Japan.

If Japan really wished to convince the Chinese and the world that her presence and her activities in China were for the good of the world, that she was seeking to promote the welfare of the Chinese along with her own

interests, and that she was sincerely concerned with the problems of establishing and maintaining the peace of the Far East, it would be necessary that she put a check upon various exclusive practices which were unfair to the peoples of other countries, and put an end to various aggressive abuses which had so far characterized her diplomatic and political dealings with China, by a policy of cooperation and helpfulness, so that she was disposed to be and was capable of becoming a moral as well as a material benefactor.

We cannot deny the fact that it is Japan's aggression upon China which, while ruining Japan herself, has paved the way for the later occupation of the mainland of China by the Chinese Communists who gained strength during the fifteen years of Japanese armed aggression upon China—1931 to 1945.

Now, we have turned over a new leaf. It is hoped that next volume of the history of Sino-Japanese relations will be written in a manner different from that of the old volume for the sake of Far Eastern peace as well as Japanese own interests. Moreover, at present the existence of mankind is being threatened by the Communists whose only aim is to conquer the world. Naturally, Japan and China cannot shun the responsibility of warding off the Communist threat in Asia, and for a successful accomplishment of it a close cooperation between China and Japan is prerequisite and foremost, just as the necessity of a close cooperation between Great Britain and France for the sake of European peace.

The Manchurian question was rather international than purely Chinese. As facts stood, Japan's demand on exclusive domination of her own geographic area began in Manchuria, continued into China proper, and then expanded into the Pacific and the South Seas. The inaction of the great powers in the face of Japan's first march to Manchuria, which was a signal to World War II

and the prelude to the Pacific War, weakened the world's faith in collective security, encouraged other would-be aggressors to embark on their plans, and brought upon the world a further series of international crises. It may well be said that without Manchurian issue there would have been no Marco Polo Bridge Incident and Pearl Harbor Attack. It was her special position and predominant influence in Manchuria which had strengthened Japan's ambition and pushed Japan's expansion forward. Thus for the study of contemporary history of Japan or of the Orient the Manchurian question could not be overlooked, and therefore a study of the dominant influence and position acquired by Japan in Manchuria is prerequisite and foremost. On the other hand, the Manchurian problem may serve us a lesson or a reference, once a day Japan stands to her feet and launches aggression again in the East Asia.

What were called the legal rights and interests of Japan in Manchuria were only those clearly defined in Articles V and VI of the Russo-Japanese Portsmouth Treaty of September 5, 1905 as transferred by Russia.[2] But the Government of Russia, when transferring these vested rights and interests in South Manchuria, declared in Article III of the same Treaty that "they have not in Manchuria any territorial advantages or preferential or exclusive concessions in impairment of Chinese sovereignty or inconsistent with the principle of equal opportunity." In Article IV, Japan and Russia both engaged "not to obstruct any general measures common to all countries, which China may take for the development of the commerce and industry of Manchuria." Moreover, Japan afterwards secured the consent of China on these Russian transfers in the Sino-Japanese Peking Treaty of December 22, 1905, on the condition as provided in

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[2]For the text of the Russo-Japanese Portsmouth Treaty of September 5, 1905, see J. V. A. MacMurray (ed.), *Treaties and Agreements with and concerning China 1894-1919* (2 vols.; New York: Oxford University Press, 1921), p. 522. (See Appendix D, 1.)

Article II that Japan would earnestly observe the "original agreements concluded between China and Russia" respecting them.[3]

Apart from the legal rights derived from the Russo-Japanese Portsmouth Treaty of September 5, 1905 with the consent made by China in the Sino-Japanese Peking Treaty of December 22, 1905, Japan had not any more rights to be claimed in Manchuria. However, Japan's aim was not limited to those legal rights. As aiming at the conquest of Manchuria Japan, ignoring her commitments embodied in various treaties and declarations in reference to the integrity of China as well as the principle of equal opportunity, had incessantly seized the illegal rights and interests through the notorious Sino-Japanese Peking Treaty of 1915, which was derived from the so-called Twenty-One Demands,[4] and other subsequent agreements which were forced upon China in time of weakness by threat of force. If there were any "special rights and interests," they were those squeezed illegally from the agreements and treaties under her bayonets which had built Japan's "special position" in Manchuria, thereby resulting in the so-called dominating influence of Japan in Manchuria, which was evidently endangering both the sovereign rights of China and the principle of equal opportunity, and consequently encouraging Japan to launch the final military conquest of Manchuria, that conquest finally led to the surrender of Japan on September 2, 1945.

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[3] For the text of the Sino-Japanese Peking Treaty of December 22, 1905, see *ibid.*, p. 549. (See Appendix E, 1.)

[4] For the story of Twenty-One Demands, see *post*, Chap. I, pp. 20-21, especially footnote (2).

Part One

JAPANESE HEGEMONY AND THE OPEN DOOR IN MANCHURIA

"It would be the Open Door with a Japanese sentry in the portal."

—— Frederic Coleman

CHAPTER I

HISTORICAL BACKGROUND AND ORIGIN OF THE PROBLEM

MANCHURIA, Northeast China, was known before the Mukden Incident as Three Northeastern (or Three Eastern) Provinces composed of Liaoning (Fengtien before 1928), Kirin, and Heilungkiang. Now, since the liberation from Japanese occupation, the territory has been redefined by the Chinese Government, for administrative purpose, into nine provinces and three special municipalities. The nine provinces are Liaoning, Antung, Liaopei, Kirin, Sungkiang, Hokiang, Heilungkiang, Nunkiang, and Hsingan. As to the three special municipalities, they are Dairen, Harbin, and Shenyang (Mukden). It is an exceedingly fertile region of nearly half a million square miles, as large as the combined area of France and Germany, with an estimated population of about 30,000,000. It is rich in mineral resources, such as iron, coal, gold, silver, copper, lead and asbestos; and numerous agricultural products, including principal crops as soya beans, kaoliang, wheat, millet, barley, and indian corn, are raised in abundance. It has generally been called the "granary of East Asia" and the "Ruhr of the East," holding great promise for the industrial development of all China. About 4,000 miles of railways traversed the region in 1931, making possible the expeditious shipment of products to the seacoast as well as to Europe through Siberia. In 1928 Manchuria alone was responsible for almost one-third of the exports of China and about one-fifth of the imports. It had therefore long been looked upon as a fat prize by the imperialistic

powers, Russia and Japan, and had become a hotbed of imperialistic rivalry between them in the first decade of the twentieth century.

Until the closing years of the nineteenth century Manchuria was virtually unknown and sparsely populated and wholly undeveloped. Juridically, it was a part of China, as the Manchu dynasty which had ruled China since the seventeenth century emanated from Manchuria. Since the overthrow of the Manchu dynasty in 1912, Manchuria had invariably occupied a status between full incorporation into China and dependency until 1928 when it announced its allegiance to the National Government at Nanking and hoisted the Nationalist flag.

1. Doomed Career Began

In actuality, however, Manchuria had already become a pawn in world politics, and become a world-wide problem. Russia had long before started its glacial movement eastward and had advanced so far into Asia as to necessitate a delimitation of frontiers. The Sino-Russian Treaty of Nerchinsk in 1689 had fixed the Amur River watershed as the line; and by negotiations in 1858 and 1860 Russia obtained the rest of what is now Siberia from China, which had already been humbled in two wars with western powers—the Opium War of 1840-42 and the British-French Allied Expedition of 1857-58.

In 1894, because of the Korean problem war broke out between China and Japan, signalizing Japan's advent into world affairs. Japan won and in the Treaty of Shimonoseki in 1895 forced China to cede the Liaotung Peninsula, the southern tip of Manchuria. Russia, supported by Germany and France, then intervened and compelled Japan to relinquish the peninsula. As reward for this assistance Russia in the following year exacted from China the right to build a railway from Chita across Manchuria to Vladivostok with a view to shortening the trans-Siberian route. The portion of the line which ran across

Manchuria is known as the Chinese Eastern Railway (C. E. R.). The agreement also gave Russia the right to acquire lands on both sides of the Chinese Eastern Railway for access to necessary construction materials as well as the right to "administer" those lands, which was subsequently unilaterally construed by Russia as the right to station military guards. China was empowered by the agreement to own shares in the railway company and to participate in its management, but this power became nominal only. In 1898 the battle of the concessions in China began, with each great power pressing for its share of China. To Russia fell a leasehold on the Liaotung Peninsula and the right to construct a branch of the Chinese Eastern Railway—as the line built in pursuance of 1898 agreement and additional agreement is known—from Harbin south to Port Arthur on the coast tip of Liaotung Peninsula. Russia had thus succeeded in closing a grip around Manchuria. As the Open Door Doctrine was declared chiefly for the case of China and accepted by the interested powers, the first formal protest on behalf of the doctrine made by the American government on February 1, 1902 was prompted by Russia's patent designs for domination of Manchuria immediately after the Boxer Rebellion. Two days after England and Japan had concluded an alliance to combat Russian aggressiveness, Secretary Hay, in a note to the eleven powers, pointed out that the special privileges obtained by Russia in Manchuria constituted a monopoly in violation of the Open Door. Russia pressed her advance, however, until arrested by the Russo-Japanese War of 1904-5, which ended with Japan taking from Russia her possession and privileges in South Manchuria.

The war came in 1904 and was closed in 1905 by the Treaty of Portsmouth, whereby the Russian leasehold on the Liaotung Peninsula was ceded to Japan together with the part of the Chinese Eastern Railway running between Changchun and Port Arthur, known as the South Manchuria Railway (S. M. R.), and all Russian rights

connected therewith. Thence on, Manchuria began a new picture. As soon as entering Manchuria, Japan, who had fought Russia in 1904-5 under the banner of Open Door's champion, scrapped the Open Door altogether. Japan was immediately accused of violation of the Open Door which she had repeatedly pledged to respect in international treaties. Even, later on, her frequent declaration made in subsequent treaties to uphold the Open Door Doctrine was but a lip service. Under the disguise of Open Door's champion Japan made incessant inroad upon Manchuria. As facts stood, Japan's policy to China as a whole and to Manchuria in particular was a resounding slap in the face of her various declarations. Thus, the foreign danger to China, and the great menace to the Open Door principles of the equal opportunity and the integrity of China's territory and sovereignty were establishing themselves in Manchuria in the form of "special rights" claimed there by Japan as well as Russia.

2. Russo-Japanese Portsmouth Treaty, 1905

Japan's special rights and interests in Manchuria dated back to three principal treaties: the Russo-Japanese Portsmouth Treaty of September 5, 1905, the Sino-Japanese Peking Treaty of December 22, 1905, and the so-called Sino-Japanese Treaties and Notes of May 25, 1915. By the Portsmouth Treaty, Japan succeeded to Russia's position in South Manchuria south of Changchun. Russia transferred to Japan, subject to the consent of China, her lease upon Port Arthur, Dairen, and adjacent territory of the Liaotung Peninsula, upon the express agreement that Japan as well as Russia would evacuate and turn over to the administration of China completely and exclusively all of Manchuria except the territory affected by the lease.

In addition, Russia transferred to Japan, subject to the consent of China, the railway from Changchun to

Port Arthur, known as the South Manchuria Railway, together with all its branches and all rights, privileges, and property appertaining thereto, upon the agreement that Japan as well as Russia would exploit her railways exclusively for commercial purposes and in no wise for strategic purposes. Japan and Russia agreed not to obstruct any general measures common to all countries which China might take for the development of commerce and industry in Manchuria.

3. Sino-Japanese Peking Treaty, 1905

Japan negotiated on December 22, 1905 the Peking Treaty with China, by which China recognized the transfers made to Japan by Russia and agreed to a new basis of understanding with Japan in her new position in Manchuria. Japan accepted the obligation of the two principles of Open Door—the equality of commercial opportunity and the territorial integrity of China in Manchuria, and within those limits laid a legal foundation for her economic advances. By the agreement at Peking, new cities and towns were to be opened and the military railway between Mukden and Antung built by Japan in the time of Russo-Japanese War was to be reconstructed. The Japanese were granted the rights to have railway guards in South Manchuria, until Russian guards should be withdrawn from the railways in North Manchuria or until tranquility should be re-established in Manchuria. A Sino-Japanese joint-stock company was to be organized to develop the Yalu River timber reserves. China, in the alleged secret protocols attached to the Treaty, agreed not to construct any branch railway line in the neighborhood of and "parallel" to the South Manchuria Railway or any branch line which would be prejudicial to the business of that Railway.[1] Subsequent

[1] For the text of the alleged Secret Protocols, *vide*, J. V. A. MacMurray (ed.), *Treaties and Agreements with and concerning China 1894-1919* (2 vols.; New York: Oxford University Press, 1921), p. 554. (See Appendix E, 3.) Cf. *post*, Chap. III, pp. 50-53.

conferences were to be called to take care of further railway, mining, telegraph, and public property matters.

Japan organized the South Manchuria Railway Company in August, 1906. The government retained 50 per cent ownership in the stock of the Company and entrusted to the Company all railways, mines, and other appurtenances. Through the years, the South Manchuria Railway Company became the chief agency of Japanese penetration into Manchuria and one of the most diversified enterprises in the world. It operated railways, mines, hotels, schools, hospitals, shipping lines, research institutes, factories, harbor works, and electric generator plants. It dictated economic and commercial policies and exercised a decisive influence on political decisions within Manchuria and Japan herself.

Japan also organized a Government-General for the Kwantung Leased Territory (Leased Territory of Liaotung Peninsula) and established garrison headquarters for the Kwantung Army. Port Arthur and its vicinity became the advanced outpost for Japan on the continent. The rest of Manchuria was restored to Chinese administrative control, but the Chinese officials were always sensitive to the opinions and advices of the Japanese. Dairen was reopened as a free port with a Chinese official in charge of collecting the Chinese customs tariff. Japanese immigrants in Manchuria were primarily concession hunters, trade smugglers, narcotic dealers and political functionaries rather than colonists and farmers. It was rather the great influx of Chinese farmers into Manchuria who accounted for the expanding agricultural products.

Japan's economic emphasis on Manchuria centered in railways and industrialization. Japan was determined to maintain an exclusive position within Manchuria and to do so by forcing upon China a string of agreements by which Japan obtained new railway loan contracts for feeder lines and concessions for new coal mines, telegraph lines, lumbering operations, and miscellaneous

commercial and industrial undertakings. Japan thwarted any third power's effort to support Chinese Government to develop Manchuria and neutralized her hegemony in Manchuria despite the Open Door which she had repeatedly pledge to observe. International understandings with Russia and an alliance with England enabled Japan to do practically as she pleased in Manchuria. Japan then began to develop a sentimental attachment to Manchuria and to feel that the blood and treasure paid in the war with Russia in 1904-5 endowed her with a sacred right of proprietorship as Japanese special rights incessantly accumulated and as Japanese special interests increasingly expanded.

4. Sino-Japanese Treaties and Notes, 1915

Japan's most extensive special rights and interests in Manchuria were principally consequences of the Sino-Japanese Treaties and Notes of May 25, 1915, otherwise known as the Twenty-One Demands, when Japan was reaching for supremacy in all of China. Among other things, the Treaty with respect to South Manchuria and Eastern Inner Mongolia (or Jehol province) provided that the leases of Port Arthur and Dairen and of the South Manchuria Railway and the Antung-Mukden Railway should be extended to ninety-nine years; that Japanese subjects might reside and travel in South Manchuria, engage in business and manufacturing, and lease land outside of treaty ports for trade, manufacturing, or agricultural purposes; that joint Sino-Japanese enterprises might be undertaken; that Japanese subjects would be accorded extra-territorial rights; that suitable places in Eastern Inner Mongolia should be opened to residence and trade; and that the Kirin-Changchun Railway loan agreement should be revised in favor of Japan. By separate notes China conceded that Japanese subjects should have the right to prospect for and to work certain coal and iron mines in specified regions in Fengtien (later

renamed Liaoning) and Kirin provinces; that if China sought foreign capital for railway construction in Manchuria and Eastern Inner Mongolia, application would be made first to Japan; and that if China found it necessary to employ foreign political, financial, military, or police advisers in Manchuria, she would hire Japanese.

The Treaties of 1915 were signed under threat of force, as Japan had forced China the Twenty-One Demands with an ultimatum in the time of World War I.[2] On the eve of conclusion of the said Treaties the United States had lodged a strong identical protest with the Japanese and Chinese governments.[3] Japan did not permit the

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[2] During World War I, after capturing Chingtao, a German leased port at Shantung province of China, Japan replied on January 18, 1915 to Chinese request of Japanese withdrawal from Shantung by presenting to Chinese President Yuan Shih-kai a list of twenty-one demands through the hands of her Minister Hioki at Peking. These demands, divided into five groups, were calculated to make of China a Japanese protectorate. The preoccupation of the great powers of the world with the war afforded Japan, in the words of one of her publicists, "the opportunity of a thousand years" with respect to China.

Instead of passing through the prescribed channels for diplomatic intercourse the demands were handed to the Chinese President on Japanese War Office's official-used papers, which were watermarked with machine-gun and dreadnoughts. Hioki told President Yuan he had better accept the demands or Japan might be interested in supporting someone else for the presidency of China. Yuan was also warned to maintain secrecy regarding the transaction, but its general import leaked out and soon was discussed in the Peking newspapers. Upon inquiries from abroad, the Tokyo Foreign Office issued a denial that any demands impairing China's sovereignty had been formulated, and published an expurgated list which contained only an outline of eleven of the points. Thereupon, the Chinese Government revealed a full list of the demands, and appealed to the American representative at Peking for help, and Japan, driven into a corner, announced that the omitted demands had been only "wishes." No such explanation, however, had been vouchsafed the Chinese Government.

On May 7, Japan forwarded China an ultimatum of 48 hours to accept twenty-one demands or "the Imperial Government will take such independent action as they deem necessary to meet the situation." On May 9, Yuan was forced under the threat of war by Japan to accept the Japanese twenty-one demands and on May 25, to sign two treaties and several notes embodying many, though by no means all, of the objectives set forth in the original demands. However, since the Chinese Parliament never ratified them, the treaties have consistently been regarded as invalid by China.—B. K. Hornbeck, *Contemporary Politics in the Far East* (New York and London: D. Appleton and Company, 1916), p. 312. On pp. 307-311 of this book may be found the parallel texts of the demands as originally handed to China and as furnished by Japan to foreign governments in expurgated form. Text of the Demands may also be found in U. S. Dept. of State, *U. S. Foreign Relations*, 1915, pp. 99-103.

[3] Cf. *post*, Chap. III, p. 67.

American warning to interfere with the conclusion of her treaties with China on May 25, 1915. Later, American involvement in World War I erased the only opposition which Japan had encountered in Manchuria. Japan persuaded Russia, Great Britain, France, and Italy to sign secret agreements recognizing her gains in Manchuria in particular and in China in general; and then turned to a diplomatic tug of war with the United States. Finally, the American signature on the Lansing-Ishii agreement in 1917, recognizing Japan's special rights and interests in China as a whole, encouraged Japan to expand her restless energies to take advantage of the war in Europe and to deepen her roots in the whole of Asia.

After 1915, whereas Japan insisted upon the fulfillment of the Treaties of 1915, China persistently denied their validity. At Versailles in 1919 as well as at Washington in 1921 China formally declared that the Treaties of 1915 were signed under duress and not ratified by Chinese legislature and were therefore invalid, although Japan resisted it strongly.

As time went on, Japan dominated the trade and administration of Manchuria to the point where the world felt that in effect Japan was violating her promises with regard to the Open Door Doctrine—the equality of commercial opportunity and the integrity of China.[4]

Japan insisted that she acted in Manchuria exactly as the European powers or the United States acted in their weaker neighbors' territories and that she observed the strict letter of her international commitments. To Japan, the Open Door principle of equal opportunity was not an intangible ideal intended to guarantee equality of commercial opportunity, but it was a precise commitment to interfere not with treaty ports or vested interests, to apply the Chinese treaty tariff, and to collect indis-

[4] "Report of the American delegation to Pres. Harding, Feb. 9, 1922," *U. S. Sen. Docs.*, 67th Cong., 2nd Sess., 1922, No. 126, p. 829.

criminative railway and harbor dues.

Likewise, Japan defended herself against allegations of violating the territorial integrity of China. But the critics on Japan claimed that Japanese increasing encroachments upon Manchuria amounted to practical impairment of China's integrity and independence. Whenever China complained that Japan acted unjustly, Japan replied that it merely took advantage of her "legal" rights and privileges. Biding her time, Japan felt sufficiently solid in Manchuria and considered Manchuria, like Korea, firmly in her grasp. She would await an opportune time—for instance, the Mukden Incident in 1931—to complete the political separation of Manchuria from China and to incorporate that vital area into her own political system.

CHAPTER II

JAPANESE TREATY COMMITMENTS TO THE OPEN DOOR IN MANCHURIA

THE origin of the Open Door Doctrine has a close connection with the Most-Favored-Nation treaty clauses in China. The Most-Favored-Nation treaty clause made its first appearance in China in the so-called Supplementary Treaty of 1843 with Great Britain. From this time on, all the powers in their treaties with China practically exacted from China promises of equal treatment for their respective nationals. The United States Government secured the Most-Favored-Nation treatment in the treaty of 1844 and "thus laid the foundation of the policy of the 'Open Door' or equality of opportunity."[1] Henceforth, the application of the Open Door Doctrine to China may be said to have a continued history since its establishment on a definite base of China's relations with the foreign Powers. As to the modern and more definite form of the Open Door policy, it dates from the formal acceptance by the Powers including Japan, of the John Hay's circular notes of 1899, especially of his circular notes of 1900 which had widened the Open Door by adding the principle of Chinese territorial and administrative integrity to the principle of equal opportunity. In 1922, for the first time the doctrine of the Open Door in China was incorporated in a formal treaty—the Washington Nine-Power Treaty. Thus this policy has received

[1] Origin of the Open Door Policy, as outlined by Charles Evans Hughes, Secretary of State of the United States, in an address delivered at Philadelphia, November 30, 1923, see *Current History*, New York, Jan. 1924, p. 577.

general treaty acceptance by the principal Powers interested in the Far East.

To the general policy of the Open Door, i. e., to the policy of preserving the territorial and administrative integrity of China and of maintaining equality of opportunity for commerce and industry in China, Japan repeatedly declared herself in one form or another, some in bilateral treaties and others in unilateral declarations, as committed. These treaties and declarations, when unqualified, applied likewise to Manchuria which was recognized by the Powers—including Japan, as an integral part of the Chinese territory. In the following, our attention will be directed only to the Japanese treaty commitments to the Open Door in Manchuria since the year of 1899 when the Open Door policy was first declared.

1. Secretary Hay's Open Door Note, 1899

Following the Sino-Japanese War of 1894-1895, there occurred in China a violent international scramble for leases, concessions, or spheres of influence. Thus, Germany seized Kiaochow in November, 1897, Russia occupied Port Arthur and Talienwan (Dairen) in December, 1897, France obtained the lease of Kwangchouwan in April, 1898, Great Britain secured the lease of Kowloon in June and Weihaiwei in July, 1898. Italy also had her demand of the lease of Sanmen Bay on Feb. 28, 1899, but was refused. In addition to securing these leaseholds, the Powers went further to mark out for themselves spheres of interest or influence in China. Accordingly, France on March 15, 1897 had her special interests in Hainan Island, and later on April 10, 1898, in Kwangtung, Kwangsi, and Yunnan. Great Britain on February 11, 1898 asserted her claim to the Yangtze Valley as a sphere of influence. Japan on April 26, 1898 earmarked Fukien province. Germany on September 2, 1898 secured foothold in Shantung. Russia was left in control of the region beyond the Great Wall. These were days when the breakup of

China was seriously threatened, and the Powers earmarked the regions they expected to claim when the partition occurred. It was this situation existing in China which called forth the enunciation of American Secretary of State John Hay's Open Door Notes of 1899.

John Hay's note to Japan conveyed through Mr. Buck, then American Minister at Tokyo, was despatched on November 13, 1899. To this effect it stated:

> **This Goverment, animated with a sincere desire to insure to the commerce and industry of the United States and of all other nations perfect equality of treatment within the limits of the Chinese Empire for their trade and navigation, especially within the so-called "spheres of influence or interest" claimed by certain European Powers in China, has deemed the present an opportune moment to make representations in this direction to Germany, and Russia.**
>
> **To obtain the object it has in view and to remove possible causes of international irritation and re-establish confidence so essential to commerce, it has seemed to this Government highly desirable that the various Powers claiming "spheres of interest or influence" in China should give formal assurances that—**
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> **First. They will in no way interfere with any treaty port or any vested interest within any so-called "sphere of interest" or leased territory they have in China.**
>
> **Second. The Chinese treaty tariff of the time being shall apply to all merchandise landed or shipped to all such ports as are within said "sphere of interest" (unless they be "free ports"), no matter to what nationality it may belong, and that duties so leviable shall be collected by the Chinese Government.**
>
> **Third. They will levy no higher harbor dues on vessels of another nationality frequenting any port in such "sphere" than shall be levied on vessels of their own nationality, and no higher railroad charges over lines built, controlled, or operated within such "sphere" on merchandise belonging to citizens or subjects of other nationalities transported through such "sphere" than shall be levied on**

> similar merchandise belonging to their own nationals transported over equal distances.[2]

To this Note, the reply of Viscount Aoki, the Japanese Minister for Foreign Affairs, on December 26, 1899, contained the following:

> The Imperial Government will have no hesitation to give their assent to so just and fair a proposal of the United States, provided that all the other Powers concerned shall accept the same.[3]

By a study of the Japanese reply mentioned above to the Hay's Open Door Note, we will come at the point that Japanese acceptance of the Hay's Open Door proposal was conditional upon its acceptance by all the other Treaty Powers. But, practically, to Hay's Open Door proposal all the Powers previously addressed made a favorable reply. Moreover, having received all the replies of the addressed Powers, Secretary Hay, in a letter of March 20, 1900, informed the Powers addressed that the United States Government considered the assent given by all as "final and definitive."[4] Therefore, the reply of the Japanese Government to Hay's Open Door note means that she, in fact, pledged herself to the Open Door policy.

2. Secretary Hay's Open Door Declaration, 1900

At the moment of the Boxer Uprising in 1900, realizing the danger of a possible partition of China and of a complete nullification of the equal opportunity of trade by the Powers, American State Secretary Hay, on July 3, 1900, issued his second circular note to the Treaty Powers

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[2] J. V. A. MacMurray (ed.), *Treaties and Agreements with and concerning China, 1894-1919* (2 vols.; New York: Oxford University Press, 1921), pp. 230-231; U.S. Department of State, *Foreign Relations of the United States*, 1899, pp. 138-139.

[3] MacMurray, *op. cit.*, p. 232; U. S. Department of State, *op. cit.*, p. 139.

[4] MacMurray, *op. cit.*, p. 235; U. S. Department of State, *op. cit.*, p. 142.

including Japan. In the circular it was declared:

> The policy of the Government of the United States is to seek a solution which may bring about permanent safety and peace to China, preserve Chinese territorial and administrative entity, protect all rights guaranteed to friendly powers by treaty and international law, and safeguard for the world the principle of equal and impartial trade with all parts of the Chinese Empire.[5]

To the declaration, the Japanese Minister for Foreign Affairs expressed, through the American Minister at Tokyo, views in accord with those of the United States Government, and the Japanese Foreign Office officially made a general assertion on September 21, 1900 to the same effect.[6]

3. Japanese Acknowledgment of Anglo-German Agreement, 1900

In 1900, Russia, taking advantage of the Boxer Uprising, occupied Manchuria with a great army. In order to check the Russian advance in Manchuria and to maintain the Open Door, Great Britain and Germany on October 16, 1900 concluded an agreement which was signed to uphold the territorial integrity of China and to maintain the equal opportunity of trade. In this agreement the two Powers declared themselves to observe the policies of the equal opportunity for trade and the integrity of China as follows:

> 1. It is a matter of joint and permanent international interest that the ports on the rivers and littoral of China should remain free and open to trade and to every other legitimate form of economic activity for the nationals of all countries without distinction; and the two Governments agree on their part to uphold the same for

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[5] U. S. Department of State, *op. cit.*, 1900, p. 299.

[6] *Ibid.*, p. 364; 1915, p. 106; C. Walter Young, *The International Relations of Manchuria* (Chicago: University of Chicago Press, 1929), p. 40.

all Chinese territory as far as they can exercise influence.

2. Her Britannic Majesty's Government and the Imperial German Government will not, on their part, make use of the present complication to obtain for themselves any territorial advantages in Chinese dominions, and will direct their policy towards maintaining undiminished the territorial condition of the Chinese Empire.[7]

This agreement was communicated to all the interested Powers including Japan and favorably accepted by them. As for the Japanese acknowledgment of this agreement, it was clearly expressed in a note of replying the communication on October 29, 1900 as stated:

The Imperial Government having been assured by the contracting Powers that in adhering to the agreement in question they would be pleased in relation to it in the same position as if they had been a signatory thereto, do not hesitate to declare formally their adherence to the said agreement and their acceptance of the principles embodied therein.[8]

4. Anglo-Japanese Agreement, 1902

In 1900 when the allies were negotiating the peace protocol of Boxer Uprising, Russia, while occupying Manchuria, entered into a secret convention with China at Port Arthur known as Alexieff-Tseng Convention[9] and, later in 1901, negotiated another Lamsdorv-Yangyu Convention with China.[10] These two conventions, if not protested by the other Powers, would have made Manchuria a Russian protectorate which was a stepping

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[7] U. S. Department of State, *op. cit.*, 1900, p. 35; MacMurray, *op. cit.*, p. 263.

[8] U. S. Department of State, *op. cit.*, 1915, p. 106; MacMurray, *op. cit.*, p. 265.

[9] *British Parl. Papers*, "China," Vol. II (1904), Nos. 3, 5, 11, 42; K. Asakawa, *The Russo-Japanese Conflict* (Boston and New York: Houghton, Mifflin and Company, 1904), pp. 166-168.

[10] *British Parl. Papers*, "China," Vol. II (1904), Nos. 6, 14, 25, 42; *London Times*, Feb. 28, 1901, p. 5.

stone for Russia to enter Korea. So in such a situation when the Russo-Chinese Manchurian convention was still in progress, Great Britain and Japan quickly came to sign the Anglo-Japanese agreement on January 30, 1902. In this agreement, as Great Britain, Japan declared in the preamble that she was

> . . . actuated solely by a desire to maintain the *status quo* and general peace in the Extreme East, being moreover specially interested in maintaining the independence and territorial integrity of the Empire of China and the Empire of Korea, and in securing equal opportunities in those countries for the commerce and industry of all nations.

It was further declared in Article I of the agreement that,

> The High Contracting Parties [Japan and Great Britain] having mutually recognized the independence of China and Korea, declare themselves to be entirely uninfluenced by any aggressive tendencies in either country. . . .[11]

And early during the negotiation in the conclusion of the Anglo-Japanese Alliance, Count Hayashi, in the reply to Lord Lansdowne's inquiry of Japan's policy in China, stated:

> As I have before said, we entirely agree with [*sic*] the British policy in that country [China]. That is to say, we wish to maintain the territorial integrity of China and the principle of equal opportunity.[12]

5. Japanese Note to Russia, 1903

At the moment just before the outbreak of the Russo-

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[11] MacMurray, *op. cit.*, p. 324.

[12] A. M. Pooley (ed.), *The Secret Memoirs of Count Tadasu Hayashi* (New York: G. P. Putnam's Sons, 1915), p. 134. Cf. also, *ibid*, pp. 125, 130.

Japanese War, Japan strongly protested and blamed Russia of violating the territorial integrity of China and the equal opportunity for trade in Manchuria. She had more than once offered certain proposals as the basis of an understanding between her and Russia. In the first Japanese note handed to Russian Foreign Minister Count Lamsdorv on August 12, 1903 by Japanese Minister Mr. Kurino at St. Petersburg, Japan proposed the following as the basis of an understanding between Japan and Russia:

> 1. A mutual engagement to respect the independence and territorial integrity of the Chinese and Korean Empires, and to maintain the principle of equal opportunity for the commerce and industry of all nations in those countries.
>
> 2. A reciprocal recognition of Japan's preponderating interests in Korea and Russia's special interests in railway enterprises in Manchuria, and of the right of Japan to take in Korea, and of Russia to take in Manchuria, such measures as may be necessary for the protection of their respective interests as above defined, subject, however, to the provisions of Article 1 of this Agreement.
>
> 3. A reciprocal understanding on the part of Russia and Japan not to impede the development of those industrial and commercial activities, respectively, of Japan in Korea and of Russia in Manchuria, which are not inconsistent with the stipulation of Article 1 of this Agreement.[13]

6. Japanese Declaration of War against Russia, 1904

In the Japanese Declaration of War against Russia of February 10, 1904, among others it is stated:

> The integrity of Korea has long been a matter of the great concern to our Empire, not only because of the traditional relations between the two countries, but be-

[13] Cited by Asakawa, *op. cit.*, p. 303.

cause the separate existence of Korea is essential to the safety of our Empire. Nevertheless, Russia, despite her explicit treaty pledges to China and her repeated assurances to other Powers, is still in occupation of Manchuria, and has consolidated and strengthened her hold upon it, and is bent upon its final absorption. Since the possession of Manchuria by Russia would render it impossible to maintain the integrity of Korea, and would, in addition, compel the abandonment of all hope for peace in the Far East, we expected, in these circumstances, to settle the question by negotiations and secure thereby a permanent peace.[14]

7. Japanese Reply to Chinese Declaration of Neutrality, 1904

On February 17, 1904, the Government of Japan in the reply to the Chinese declaration of neutrality in the time of the Russo-Japanese War declared:

> Japan's hostilities against Russia having been actuated, not by a desire for conquest, but solely by the necessity of defending her just rights and interests, the Imperial Government have not the slightest intention of acquiring territory as a result of the war, at the expense of China.[15]

8. Anglo-Japanese Agreement, 1905

In the Russo-Japanese War, Japan became exhausted though victorious. She therefore preferred to have an early peace rather than run a most dangerous risk. Nevertheless, Japan had needed help to fortify her position in the peace conference and to provide against any contingency of Russia coming back in the near future. The Anglo-Japanese Alliance of 1902 was thereby renewed and a new treaty of August 12, 1905 took the place of the

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[14] *Ibid.*, p. 347; Sakuyei Takahashi, *International Law Applied to the Russo-Japanese War* (New York: The Banks Law Publishing Co., 1908), p. 7; *London Times*, Feb. 12, 1904, p. 3.

[15] Cited by Asakawa, *op. cit.*, p. 366.

treaty of 1902. In this renewed agreement replacing that of January 30, 1902, Japan declared in the preamble that her object of the conclusion of the agreement contained

> . . . the preservation of the common interests of all Powers in China by insuring the independence and integrity of the Chinese Empire and the principle of equal opportunities for the commerce and industry of all nations in China.[16]

9. Russo-Japanese Portsmouth Treaty, 1905

In the Russo-Japanese Portsmouth Treaty of September 5, 1905,[17] Japan declared that she engaged "not to obstruct any general measures common to all countries, which China may take for the development of the commerce and industry of Manchuria," and further engaged to exploit her railways in Manchuria "exclusively for commercial and industrial purposes and in no wise for strategic purposes." Meanwhile, Japan declared that she had "not in Manchuria any territorial advantages or preferential or exclusive concessions in impairment of Chinese sovereignty or inconsistent with the principle of equal opportunity."

The Russo-Japanese War had put a heavy strain on Japan and the peace had brought to her no indemnity from Russia. With the purpose to regain her national strength she had to avoid another war and to devote her entire energy to trade and industry, for the development of which peace had to be maintained, and therefore an understanding with other Powers, particularly a reconciliation with Russia, was imperatively necessary.

10. Franco-Japanese Entente, 1907

On June 10, 1907 an agreement was concluded between Japan and France, animated by a desire of removing all

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[16] MacMurray, *op. cit.*, p. 516.

[17] *Ibid.*, p. 522.

causes of misunderstanding for the future. In this agreement the two Powers mutually declared:

> The Governments of Japan and France, being agreed to respect the independence and integrity of China, as well as the principle of equal treatment in that country for the commerce and subjects or citizens (i. e., ressortissants) of all nations, and having a special interest in having order and a pacific state of things guaranteed especially in the regions of the Chinese Empire adjacent to the territories where they have the rights of sovereignty, protection or occupation, engage to support each other for assuring the peace and security in those regions, with a view to maintaining the respective situation and the territorial rights of the two Contracting Parties in the Continent of Asia.[18]

11. Russo-Japanese Treaty, 1907

On July 30, 1907, the Governments of Japan and Russia, "desiring to consolidate the relations of peace and good neighborhood" between the two countries, and "wishing to remove for the future every case of misunderstanding," signed an agreement. In this agreement it was declared:

> Article II. The two High Contracting Parties recognize the independence and the territorial integrity of the Empire of China and the principle of equal opportunity in whatever concerns the commerce and industry of all nations in that empire, and engage to sustain and defend the maintenance of the *status quo* and respect for this principle by all the pacific means within their reach.[19]

12. Root-Takahira Agreement, 1908

Immediately after the Russo-Japanese War, frequent complaints were made that the Open Door was complete-

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[18] *Ibid.*, p. 640.

[19] *Ibid.*, p. 657.

ly violated by Japan in Manchuria and that Japan took advantage of political supremacy to foster the commercial interests of her own subjects. To this development of the situation in Manchuria the United States made strong protests against Japanese violation of the Open Door, because of her championship of the Open Door and because of the commercial interests of her nationals in Manchuria. In order to answer the charges which had been directed against Japanese policy in Manchuria, Baron Takahira, Japanese Ambassador at Washington, exchanged notes with Mr. Root, American Secretary of State, on November 30, 1908. In this agreement the Japanese note contained a frank avowal of the intention of Japanese Government of maintaining the Open Door in China including Manchuria, and the policy in the Far East was mutually declared between Japan and United States as follows:

> 1. It is the wish of the two Governments to encourage the free and peaceful development of their commerce on the Pacific Ocean.
>
> 2. The policy of both Governments, uninfluenced by any aggressive tendencies, is directed to the maintenance of the existing *status quo* in the region above mentioned and to the defense of the principle of equal opportunity for commerce and industry in China.
>
> 3. They are accordingly firmly resolved reciprocally to respect the territorial possessions belonging to each other in said region.
>
> 4. They are also determined to preserve the common interest of all powers in China by supporting by all pacific means at their disposal the independence and integrity of China and the principle of equal opportunity for commerce and industry of all nations in that Empire.
>
> 5. Should any event occur threatening the *status quo* as above described or the principle of equal opportunity as above defined, it remains for the two Governments to communicate with each other in order to arrive at an understanding as to what measures they may con-

sider it useful to take."[20]

13. Russo-Japanese Convention, 1910

In 1909 the American Secretary of State Knox proposed a neutralization of all the railways of Manchuria on account of the Open Door being threatened by the Japanese operation of the exclusive privileges and rights of railway concessions exacted from China in Manchuria. He was seeking no selfish advantage for America, but equal opportunities for all peoples. However, Japan made a practical denial, and a very prompt result of it was the signing of the Russo-Japanese Treaty of July 4, 1910 for the maintenance of the *status quo* in Manchuria.[21] No matter what was the original motive of the convention concluded between Japan and Russia, it was evidently declared in the convention that the Government of Japan was "sincerely attached to the principles established by the convention concluded between them [Japan and Russia], July 30, 1907," and desired to "develop the results of that convention with a view to the consolidation of peace in the Far East." In Article II of the Russo-Japanese Treaty of July 30, 1907, Japan declared herself to

> . . . recognize the independence and the territorial integrity of the Empire of China and the principle of equal opportunity in whatever concerns the commerce and industry of all nations in that Empire, . . .[22]

Of this principle Japan reassured her sincere observance in the Russo-Japanese Treaty of July 4, 1910.

14. Anglo-Japanese Agreement, 1911

Undoubtedly, the Anglo-Japanese Alliance rendered benefit to Japan to a great extent. It is this Alliance

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[20] *Ibid.*, p. 769; U. S. Department of State, *op. cit.*, 1908, p. 511.

[21] MacMurray, *op. cit.*, p. 803.

[22] *Ibid.*, p. 657; cf. *ante*, p. 33.

which added much to the power and prestige of Japan. It is this Alliance which lifted Japan to a first rate power. It is this Alliance which encouraged Japan's aggressive policy in Manchuria in particular and China as a whole. It is this Alliance which prevented Russia from thinking to come back upon Japan, her former rival. Thus, a continuance of the Alliance was still a benefit to Japan and welcomed by Japan in a time of possible armed conflict between Japan and the United States being threatened. Therefore, on July 13, 1911 a third version of the Alliance was signed. In this new agreement one of the purposes of the Alliance was stated in the preamble:

> (a) The consolidation and maintenance of the general peace in the regions of Eastern Asia and of India.
> (b) The preservation of the common interests of all Powers in China by insuring the independence and integrity of the Chinese Empire and the principle of equal opportunities for the commerce and industry of all nations in China.[23]

15. Japanese Reply to American Inquiry on Russo-Japanese Convention of 1916

With regard to the Russo-Japanese convention of July 3, 1916 which failed to reaffirm specially the former declarations of the two governments to preserve the territorial and administrative integrity of China and to maintain equality of opportunity for commerce and industry in China, the United States Department of State on August 16, 1916 instructed the American Ambassador at Tokyo to inquire of the Japanese Foreign Office if there had been any change in the Japanese consistent policy of observing the Open Door. In the reply of September 13 to this inquiry the Japanese Foreign Office stated as follows:

> The new convention is in no sense designed to repeal

[23] MacMurray, *op. cit.*, p. 900.

or to modify the provisions of Article 2 of the convention concluded between Japan and Russia on July 30, 1907. Nor have the Imperial Government entertained for a moment any intention to depart from the policy to which they have avowedly committed themselves respecting the maintenance of the independence and the territorial integrity of China as well as the principle of equal opportunity for the trade of all nations in that country. On the contrary they are as strongly convinced as ever of the usefulness of that policy in the interest of the general peace and stability in the Far East, which they have always very near their heart.[24]

16. Lansing-Ishii Understanding, 1917

In June 1917, U. S. President Wilson's communication to China, which advised the Chinese people to compose their differences and to construct a central, responsible and united government, unexpectedly kindled up Japan's anger. Meanwhile, later in the same year, the Governments of the Allied Powers sent their respective war missions to the United States on the charge of extending congratulation of the United States' entry into World War I. Following the example of the other powers Japan also sent a mission to the United States with Viscount Kikujiro Ishii at its head. Taking advantage of the very opportune moment Viscount Ishii made an exchange of notes with the American Secretary of State Lansing on November 2, 1917. In the Lansing-Ishii Understanding, embodied in an exchange of notes between U. S. Secretary of State Lansing and the Japanese Ambassador Extraordinary and Plenipotentiary Viscount Ishii, the two Governments of Japan and the United States among other things (one of which is the unwise recognition by the United States of Japan's special rights and interests in China) declared as follows:

The Governments of Japan and the United States

[24] U. S. Department of State, *op. cit.*, 1916, p. 446.

deny that they have any purpose to infringe in any way the independence or territorial integrity of China and they declare, furthermore, that they always adhere to the principle of the so-called "Open Door" or equal opportunity for commerce and industry in China.

Moreover, they mutually declare that they are opposed to the acquisition by any government of any special rights or privileges that would affect the independence or territorial integrity of China or that would deny to the subjects or citizens of any country the full enjoyment of equal opportunity in the commerce and industry of China.[25]

17. Nine-Power Treaty, 1922

In 1921 the motives of the American Government in calling the Washington Conference, were, on the one hand, for the limitation of international armament extravagance, and, on the other, for the check of Japanese audacious advance on Pacific. For the first there was the Four-Power Treaty; and for the second the Nine-Power Treaty. In the second it dealt most with the Open Door policy in China including Manchuria, an integral part of China. It is the second we are here to deal with.

During the First World War Japan was left free in a bold invasion upon China. With the result, the Open Door, the traditional policy of the United States in China, apparently fell to ground. For this the United States would have called an international conference at that time if not for the world Powers being busy with World War I. Therefore, it was not until 1921 that the Washington Conference came into being.

Though, from 1899 to 1922, the Open Door policy had been affirmed again and again either in independent declarations or in bilateral treaties between the Powers,

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[25] MacMurray, *op. cit.*, p. 1394. In the Lansing-Ishii Understanding the United States appeared to have acceded to Japan's claims as she had also recognized that Japan because of "territorial propinquity" had "special interests in China." However, this Understanding was finally abrogated in the Washington Conference of 1922.

yet there had not been any contract specially for it in the form of treaty among the Powers. However, with the signing of the Open Door Treaty of 1922 (as contained in the Nine-Power Treaty relating to principles and policies concerning China signed February 6, 1922) the signatory Powers including Japan bound themselves by a document and the binding force of which cannot be questioned in international law.[26] Moreover, in this treaty the Open Door doctrine was given a more definite and precise definition and statement, and a more binding international legal status.

The Open Door policy as defined in the Nine-Power Treaty clearly committed Japan and other signatory Powers in Article I,

> (1) to respect the sovereignty, the independence, and the territorial and administrative integrity of China;
>
> (2) to provide the fullest and most unembarrassed opportunity to China to develop and maintain for herself an effective and stable government;
>
> (3) to use their influence for the purpose of effectually establishing and maintaining the principle of equal opportunity for the commerce and industry of all nations throughout the territory of China;
>
> (4) to refrain from taking advantage of conditions in China in order to seek special rights or privileges which would abridge the rights of subjects or citizens of friendly States, and from countenancing action inimical to the security of such States,

and, in Article II,

> . . . not to enter into any treaty, agreement, arrangement, or understanding, either one another, or individually or collectively, with any Power or Powers, which would infringe or impair the principles stated in

[26] For the text of Nine-Power Treaty, see *Conference on the Limitation of Armament* (Washington: Government Printing Office, 1922), pp. 1621-1629; *Treaties and Agreements with and concerning China. 1919-1929* (Washington: Carnegie Endowment for International Peace, 1929), pp. 89-93.

Article I.

With a view to applying more effectually the principle of the Open Door or equality of opportunity in China for the trade and industry of all nations, the signatory Powers including Japan had, with the reservation that such rights "as may be necessary to the conduct of a particular commercial, industrial, or financial undertaking or to the encouragement of invention and research," pledged themselves in Article III of the Treaty not to seek, nor support their respective nationals in seeking

> **(a) any arrangement which might purport to establish in favor of their interests any general superiority of rights with respect to commercial or economic development in any designated region of China;**
>
> **(b) any such monopoly or preference as would deprive the nationals of any other Powers of the right of undertaking any legitimate trade or industry in China, or of participating with the Chinese Government, or with any local authority, in any category of public enterprise, or which by reason of its scope, duration or geographical extent is calculated to frustrate the practical application of the principle of equal opportunity.**

Furthermore, in the Treaty a more important thing which the former treaties or declarations had failed to do was the renunciation of the "sphere of influence" which had laid the evil on China for a great number of years. On this point Japan and other signatory Powers agreed

> **. . . not to support any agreements by their respective nationals with each other designated to create Sphere of Influence or to provide for the enjoyment of mutual exclusive opportunities designated parts of Chinese territory.**

Finally, Japan and other signatory Powers were bound by the Treaty "fully to respect China's rights as

a neutral in time of war."

By a study of the above-mentioned concerned treaties, we come to know that between 1899 and 1922 Japan repeatedly declared herself either through the independent declarations or through the bilateral agreements with other Powers as committed to the policy of the Open Door—guaranteeing equality of opportunity for commerce and industry in China and maintaining the territorial and administrative integrity of China. If having a look on the above-mentioned treaties from another angle, we are immediately thrown into the light that the Powers concerned excluding Japan had uppermost in mind the conditions then existing in Manchuria and watched the development in Manchuria with great interest as they had heavy interests planted there.

But, as a matter of fact, the Open Door meant open to Japan herself and closed to everybody else. Indeed, Japan displayed a considerable amount of diplomatic ingenuity for the purpose of covering up the tracks of the inroad made upon China especially the part of Manchuria through the Open Door. The various declarations and agreements concerning the Open Door in China including Manchuria may as well be acknowledged to have become so many scraps of paper. It may be more evidenced by the world-astonished Mukden Incident of September 18, 1931 resulting in the Japanese occupation of Manchuria, that practically tolled the knell of the Open Door which had so long been pretendedly adhered to by Japan. To the argument of the Chinese and others that the Washington Nine-Power Treaty of 1922 had been broken by Japanese actions in Manchuria since September 18, 1931, the Tokyo government replied that the Washington Treaty did not apply to the case at issue. The ground of Japanese reasoning was that the situation had changed since that treaty was signed: owing to the conditions prevailing in its territories, China was no longer a state.

To us before World War II Manchuria was just following the very example of Korea. The world may not forget the ruthless facts by reading the record of Japan's diplomatic promises as set forth in the story of the passing of Korea. As early as in the Japanese-Korean Treaty of February 26, 1876 it was declared that Korea had been an independent state enjoying the same sovereign rights as Japan. Nevertheless, it was destined to mark the beginning of the subjugation of Korea. Later, in a series of treaties and notes, such as Japanese-Korean Alliance Treaty of August 26, 1894, Sino-Japanese Shimonoseki Treaty of April 17, 1895, first Japanese note to Russia of August 12, 1903, Japanese note of announcing the severance of diplomatic relations with Russia of February 5, 1904, Japanese Declaration of War against Russia of February 10, 1904, and Japanese-Korean Protocol of February 23, 1904, Japan invariably and solemnly guaranteed the independence and territorial integrity of Korean Empire. In addition, in the first Japanese note placed by Kurino in Lamsdorv's hands on August 12, 1903, Japan showed her sincere desire to maintain the principle of equal opportunity for commerce and industry of all nations in Korea.

However, up to 1910 came the final act in the tragedy of the "Hermit Kingdom," and the Korean Emperor was forced to sign the last agreement of August 22 by Japan who had before committed herself to guarantee the independence and territorial integrity of his domains. Then, Manchuria shared the same fate of Korea and the Open Door thereof was banged immediately after the Mukden Incident.

CHAPTER III

JAPANESE TREATY VIOLATIONS OF THE OPEN DOOR IN MANCHURIA

JAPAN'S "treaty rights" in Manchuria may be said to be entirely based upon the Portsmouth Treaty of September 5, 1905, the Peking Treaty of December 22, 1905 ratifying the terms of Portsmouth Treaty, the agreements of May 25, 1915, and subsequent agreements which had resulted from the alleged secret protocols of 1905 and the agreements of 1915—most of which had to do with railways. But, to exercise the rights accruing from these treaties Japan had repeatedly pledged herself to other nations to observe the Open Door policy. For instance, in the Portsmouth Treaty Japan agreed that she had "not in Manchuria any territorial advantages or preferential or exclusive concessions in impairment of Chinese sovereignty or inconsistent with the principle of equal opportunity." She further engaged "not to obstruct any general means common to all countries, which China may take for the development of commerce and industry of Manchuria," and at the same time committed herself to exploit her railways in Manchuria "exclusively for commercial and industrial purposes, and in no wise for strategic purposes."[1]

Prior to 1905, Japan had complained bitterly of the violations of the Open Door policy by Germany in Shantung and Russia in Manchuria. It is well remembered

[1] J. V. A. MacMurray (ed.), *Treaties and Agreements with and concerning China, 1894-1919* (2 vols.; New York: Oxford University Press, 1921), p. 522. (See Appendix D.)

that on August 12, 1903 when Manchuria was under military occupation of Russia, the first thing in the note which was placed in Lamsdorv's hands by Japanese government was to call Russia

> . . . to respect the independence and territorial integrity of the Chinese and Korean Empires and to maintain the principle of equal opportunity for the commerce and industry of all nations in those countries.[2]

Upon this point Mr. Lancelot Lawton wrote as follows:

> Previous to the war Japan, anxious to gain sympathy in Europe and America, avowed her detestation of the selfish policy of Russia. She professed to be shocked at the mere thought that the integrity of China was endangered and the principle of equal opportunity impaired. In effect she said to the financial markets of London and New York: "If you will lend us the money we will readily sacrifice thousands of lives in waging a crusade against the wicked Muscovites, and should we gain the victory we will restore Manchuria to our old friend and neighbour, China, and thus render secure for all time the sacred doctrine of the Open Door." But after the battle was fought and won instantly she changed her attitude.[3]

And Mr. C. Walter Young also said:

> Before the Russo-Japanese war Japan not only did not have occasion to make claims to a sphere of interest in any part of Manchuria, but actually was more critical of Russia's attempts to isolate Manchuria from China, and to establish a general monopoly of railway and other commercial rights there, than was any other foreign state. Lord Beresford in 1897-98 found among Japanese officials, as among their commercial men, a unanimous desire to

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[2] Cited by Payson J. Treat, *The Far East: A Political and Diplomatical History* (New York and London: Harper and Brothers, 1928), p. 369. Cf. *ante*, p. 30.

[3] Lancelot Lawton, *Empires of the Far East* (2 vols.; London: G. Richards, Ltd., 1912), p. 1153.

> have an "open door" policy followed in China, and particularly in Manchuria where Japanese trade had begun to assume large proportions. Japan even refused to accept the principle that Japanese nationals were subject to trial in the lessee's courts in the leased territory of Kwantung, a principle which she herself defended when once Japan acquired the same lease after 1905. . . . As long as the Russians were in control of the Kwantung leased territory and the whole of the Chinese Eastern Railway, and acted as they did during the Boxer Rising to prejudice all fair competition of other foreign nationals in Manchuria, the Japanese naturally strongly opposed conceding to Russia a sphere of interest of a nature to exclude their legitimate competition.[4]

Japan had repeatedly shown that she was determined to maintain an Open Door in China and further made the opinion that the integrity of China must be preserved if the principle of the Open Door was to obtain.[5] However, no sooner had the war of 1905 been concluded than complaints began to come against Japan of closing the Open Door in Manchuria. As her policies unfolded, she cited German and Russian precedents as justification for what she was doing.[6] No matter justified or not, by appeal to these precedents the Japanese were unwittingly accusing themselves of deliberately violating the Open Door.

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[4] C. Walter Young, *Japan's Special Position in Manchuria* (Baltimore: The Johns Hopkins Press, 1931), p. 87.

[5] Lord Charles Beresford, *The Break-up of China* (New York and London: Harper and Brothers, 1899), pp. 419-432.

[6] Lawton, *op. cit.*, pp. 1212-1213. Mr. Lawton wrote on this assertion: "In citing in vindication of her own attitude the policy formerly pursued by Russia in Manchuria, and that followed by Germany in Shantung, Japan overlooked the fact that in neither instance did the rest of the Powers give sanction to the usurpation of China's sovereign rights." (*Ibid.*, p. 1214). "Were her [Japan's] aggressive policy to be sanctioned on the score of precedent, then territorial concessions could not be denied other countries, and the oft-threatened partition of China would be precipitated." (*Ibid.*, p. 1215.) "In view of her former protestations, both during the period of hostilities and at the time of the peace negotiations, that she [Japan] was alone animated by a sincere desire to see maintained the policy of the Open Door, her new attitude gave rise to unfavorable comment in the foreign press of China." (*Ibid.*, p. 1155.) "It is no exaggeration to say that soon the Chinese mourned the absence of the Russians, and realized that the Japanese regime inaugurated a period of tyranny far worse than any which might have preceded it." (*Ibid.*, p. 1163.)

In case there was no such Portsmouth Treaty binding Japan to respect China's right to develop Manchuria with any means as she saw fit, Japan might possibly be excused in following the Russian precedents, such as the Sino-Russian Additional Agreement of May 7, 1898, to the effect that "railway privileges in districts traversed by this branch line [the southern branch of the Chinese Eastern] shall not be given to the subjects of other Powers";[7] the Note of the Tsung-li Yamen, then the Chinese Foreign Office, to the Russian Minister at Peking on June 1, 1899, to the effect that if China required foreign capital for railway construction north and northeast of Peking towards Russian border, application would first be made to the Russian Government or Russian syndicate;[8] and the Sino-Russian Convention of April 8, 1902, to the effect that in case, in future, an extension of the Shanhaikwan-Yinkou-Hsinmintun line, or the construction of branch lines in the Southern part of Manchuria, was to be undertaken, the matter should be previously arranged by an understanding between the Russian and Chinese Governments.[9] But, the three above-mentioned agreements had become *ipso facto* obsolete after the Russo-Japanese War, and the Portsmouth Treaty had "consequently superseded any previous understandings that were opposed" to its provisions.[10] And what Japan should abide by provided in original agreements concluded between China and Russia is referred to the Leased Territory and the Chinese Eastern Railway as provided in Article II of the Sino-Japanese Peking Treaty of December 22, 1905. The fact is that Japan's legal rights in South Manchuria as transferred by Russia are clearly and definitely stipulated in Articles V and VI of

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[7] MacMurray, *op. cit.*, p. 127. (See Appendix B, 2.)

[8] *Ibid.*, p. 207. Peking was renamed Peiping after the Nationalist Northern Expedition of 1926-1928.

[9] *Ibid.*, p. 328.

[10] Lawton, *op. cit.*, p. 1338.

Portsmouth Treaty of 1905 with the consent of the Government of China in the Sino-Japanese Treaty of December 22, 1905, and for these two articles Japan in Article IV committed herself "not to obstruct any general measures common to all countries, which China may take for the development of the commerce and industry of Manchuria." Besides, Russia declared in Article III of the Portsmouth Treaty—when transferring her rights in Manchuria to Japan—that she had not "any territorial advantages or preferential or exclusive concessions in impairment of Chinese sovereignty or inconsistent with the principle of equal opportunity" in Manchuria. Thus, undoubtedly Japan had not any grounds to appeal to the Russian precedents as a pretext of closing the Door in Manchuria against the other Powers. Moreover, Article IV of the Portsmouth Treaty was, in fact, one of the conditions under which China had agreed, in Peking Treaty of December 22, 1905, to sanction the transfer of the leased territory and the southern branch of the Chinese Eastern to Japan.[11] On the other hand, in the treaties and agreements concluded between the other Powers and China there was no provision which could possibly be held as excluding Manchuria from the operation of other Powers with the exception of a recognition of the special interests of Russia in the Chinese Eastern Railway and of Japan in the South Manchuria Railway and the Kwantung Leased Territory. And on this point Mr. Lancelot Lawton wrote:

> . . . And finally in her efforts to justify her attitude and her actions, Japan pleaded that as she had expended much blood and treasure she was entitled to make the most of her opportunities in Manchuria. The measure of the reward to which she is justly entitled is defined in the Portsmouth Treaty, and as far as Manchuria is concerned, beyond the possession of the leased territory of the Kwantung Peninsula and of the railway south of Changchun, she cannot lay claim to any privileges that

[11] Young, *op. cit.*, p. 90.

are not common to the rest of the world.[12]

However, Japan was not at all disappointed in this arrangement, and to veto the influx of non-Japanese foreign capital for railway construction or mining development in Manchuria, especially the South Manchuria, Japan had, on the other hand, to seek certain definite agreements from China giving Japanese interests exclusive rights and preferential claims.

1. Harriman Proposal for an International Railway, 1905

In 1905 towards the close of negotiations for peace between Japan and Russia an American railway magnate, Mr. E. H. Harriman, with the view of extending American trade, conceived a scheme of turning the Manchurian railways connecting Europe with the Far East into a great round-the-world transportation system, a route to go by way of Japan, Manchuria, Siberia, and European Russia.[13] While on a visit to Japan on August 31, 1905, he communicated his scheme to Japanese Government and financial circles, suggesting that Japan might become a party to it, contributing as her share the section of Chinese Eastern Railway which Russia was surrendering to her. He was received there cordially in both financial and official circles, and his plan met with approval. He well reached an understanding with Marquis Ito and Count Katsura, then Japanese Premier. Thus, the matter advanced so far that on October 12, 1905 a rough draft of an agreement was actually drawn up by the Prime Minister, representing the Japanese Government on the one hand, and Mr. Harriman representing himself and associates on the other. This understanding provided for

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[12] Lawton, *op. cit.*, p. 1154.

[13] Herbert Croly, *Willard Straight* (New York: Macmillan Co., 1924), pp. 238, 296, 297, 310.

the formation of a Japanese company under Japanese law—in which both parties should have equal rights and interests—to raise the capital necessary for the purchase of Japan's portion of the Chinese Eastern, with its concomitant timber, mining, and other concessions.

However, on his return from United States bearing with him the Treaty of Portsmouth, Baron Komura was strongly opposed to the Katsura-Harriman understanding, and the Japanese Government thereby suddenly changed its policy and decided to operate the line as a purely Japanese enterprise under Government control.[14] Baron Komura opposed the understanding, claiming it to be inconsistent with Article VI of the peace treaty which called for the consent of the Chinese Government before Japan could exercise any legal rights in the property of the railway line in South Manchuria. It is probable that Baron Komura realized more clearly than his fellow ministers the possibilities offered by a monopoly. Moreover, his success of concluding the Peking Treaty with China on December 22, 1905, consolidated and extended Japan's position in Manchuria so far as to not necessarily depend on American capital and joint control of the Japanese lines, and consequently effectively checked any contribution of foreign capital thereafter. It seems that any delay of the close of the Russo-Japanese war would have been a great strain on Japan's national strength and resources, and for this only cause she had pretended the sale of South Manchuria Railway to bait American help and to win world public opinion. In addition, it is Japan who had suggested Harriman's trip to the Far East and encouraged his project. Japan should not forget that American bankers had helped finance her during the war and the American Government had with a benevolently neutral manner watched her defeat Russia and fold Korea in her embrace. It is probably that as soon as she saw her victory of the war, no longer

[14] *Ibid.*, pp. 238 ff.

needing any help from others, Japan began to break her words and deny the project which she had heartedly accepted.

2. The So-Called Secret Protocols Attached to Sino-Japanese Peking Treaty of 1905

By the alleged secret protocols attached to the Sino-Japanese Peking Treaty of December 22, 1905, Japan first succeeded in her check of foreign interests developed in Manchuria, and upon these protocols Japanese Government subsequently, especially in 1907, and as late as in 1931, laid claim to a right to oppose certain railway construction in Manchuria.[15] But, as for the existence of the protocols, it has become a question. It is confirmed in the Report of the Lytton Commission that there was no such treaty right.[16] Governor Tang Shao-yi of Mukden, who was one of the Chinese signatories to the Sino-Japanese Peking Treaty of 1905, denied the existence of any secret agreement in the Peking Treaty which debarred China from paralleling the Japanese railway line.[17] In fact, the alleged secret protocols turned out to be none other than parts of the conference minutes in the negotiations for the Peking Treaty of 1905. But the conference minutes which had not been incorporated into Peking Treaty of 1905 or signed in any other treaty or agreement form had thus no binding intrinsic validity and no binding character of a formal and duly ratified treaty or agreement.[18] Nevertheless, we have known

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[15] For the text of the alleged Secret Protocols, *vide*, MacMurray, *op. cit.*, p. 544. (See Appendix E, 3.)

[16] League of Nations, *Report of the Commission of Enquiry* (Geneva, 1932), p. 44.

[17] W. W. Rockhill, *Treaties, Conventions, Agreements, etc., relating to China and Korea, October, 1904-January, 1908* (Washington: Dept. of State, 1908), p. 140; C. Walter Young, *op. cit.*, pp. 96, 102-103; League of Nations, *Supplementary Documents to the Report of the Commission of Enquiry* (Genervа, 1932), p. 33; League of Nations, *Report of the Commission of Enquiry* (Geneva, 1932), p. 44.

[18] V. K. Wellington Koo, Assessor, *Memoranda Presented to the Lytton Commission* (3 vols.; Baltimore, Maryland and New York: J. H. Furst Co., 1932), pp. 24-25, 71; Rockhill, *op. cit.*, p. 140.

that Japan attempted by these alleged protocols to have an exclusive development in Manchuria, and to resort to it in order to veto foreign-financed railways in Manchuria. Japanese official claim to prescribe such participation of foreign capital in the construction of Manchurian railways was subsequently based on Article 3 of the alleged secret protocols. It seems that Japan might have prevented the construction, not only of railways financed with foreign capital, other than Japanese, but also of railways financed by the Chinese themselves. As such, it was obviously in direct abrogation of the pledge made by the Japanese Government in the Portsmouth Treaty "not to obstruct any general means common to all countries, which China may take for the development of the commerce and industry of Manchuria."

Under these alleged secret protocols, China bound herself (1) to borrow from Japan half the capital needed for the construction of the Kirin-Changchun railway, (2) to buy the Japanese military line between Mukden and Hsinmintun and to reconstruct it, borrowing from Japan half the capital required for the section east of the Liao River (Hsinmintun-Mukden line), and (3) not to build any main line near or parallel to the South Manchuria Railway or any branch line prejudicial to its interests as long as that line remained in Japan's possession. More detailed arrangements regarding the two first of these lines were made in 1907, 1908, and 1909, and of the conditions then imposed on China appearing in later agreements made with Japan for railway loans in Manchuria it may be interesting to enumerate here the more important. They were:

1. the earnings of the line were to be deposited in Japanese banks;
2. the engineer-in-chief and, in the case of the Kirin-Changchun line, the chief accountant were to be Japanese; and
3. in the case of the Kirin-Changchun railway, if

branch lines or extensions were built China must apply to Japan for help if capital were needed.[19]

In a word, it is by the Peking Treaty of 1905 Japan had penetrated her influence into Manchuria, and it is by the so-called secret protocols allegedly annexed to the Peking Treaty Japan had presumed to have "special interests" or "special position" in Manchuria. Under the pretext of these alleged protocols, the Japanese Government had effectively prevented foreign capital other than her own from participating in the railway construction of Manchuria. It is also by these protocols the Japanese Government had frequently sought to interfere with the Chinese railway enterprises in Manchuria. By this means the Japanese Government had evidently intended to create a virtual monopoly of railway enterprise in Manchuria, in spite of her frequent pledge of Open Door, and to obstruct extensive projects by other Powers to railway development in Manchuria, which was in fact badly needed to facilitate transportation and economic development in this vast territory. To mention only a few instances, the projected line from Hsinmintun to Fakumen and that from Chinchow to Aigun, the financing for both of which had been successfully arranged abroad, were abandoned because of persistent opposition from Japan. It was with so much difficulty that the line from Tahushan to Tungliao (Payentala) had been built with Chinese capital and by Chinese engineers. Japanese Government protested strongly against the construction of the Kirin-Hailung railway and the Tahushan-Tungliao railway by Chinese capital. As a whole, all the lines projected or built by either the non-Japanese foreigners or the Chinese had all been discriminately described as in violation of the so-called Japanese "treaty right"—parallel line. As a consequence, China's earnest desire to build up the Three Northeastern Provinces (otherwise

[19] MacMurray, *op. cit.*, p. 628.

Manchuria) with assistance and cooperation from abroad had received repeated setbacks on account of the Japanese opposition, and the progress in their development had thus unnecessarily retarded.

3. Hsinmintun-Mukden and Kirin-Changchun Railways Convention, 1907

In the convention of April 15, 1907 between China and Japan in reference to the Chinese purchase of Japanese Hsinmintun-Mukden military railway and the construction of Kirin-Changchun railway,[20] it was provided that one-half of the capital needed for that part of the line east of the Liao River (Hsinmintun-Mukden line) and for the construction of the Kirin-Changchun line should be "borrowed from the South Manchuria Railway Company." As security for these loans the real properties of the railways and their earnings were to be pledged. In case the Chinese Government should default in the payment of principal and interest of the loans, the railways were to "be handed over to the temporary control of the [S. M. R.] Company until the shortage is made good." Furthermore, it was also provided that if the Kirin-Changchun line should hereafter build branch lines or an extension, and for the construction of such lines if there should be a lack of capital, "application shall be made to the [S. M. R.] Company for an arrangement." During the period of loans, a Japanese engineer-in-chief was to be employed, and there was also to be a Japanese accountant who should have "entire responsibility for the arrangement and oversight of the various accounts of the railways." Whenever the engineer-in-chief was necessary to be changed, the South Manchuria Railway Company "must first be consulted." Besides, all the earnings of the railways had to be deposited in the Japanese banks, and, furthermore, the two lines should be built to connect with the South Manchuria Railway.

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[20] *Ibid.*, p. 627.

By this agreement Japan indicated clearly her intention to control the construction of railways in Manchuria by forcing China to borrow funds from the South Manchuria Railway. This agreement not only impaired Chinese sovereignty by diminishing China's freedom of activity; but also was an immediate violation of the pledge made to Russia as well as to other powers, as Article IV of the Portsmouth Treaty being provided for protecting the sovereign rights of China and safeguarding the principle of equal opportunity which embodied a principle to be found established in the Anglo-Japanese Alliance of 1905 and various agreements concluded by Japan with other powers.

4. Hsinmintun-Fakumen Railway, 1907

On November 8, 1907, China concluded an agreement with a British firm of contractors, Pauling & Co. to finance the building of a railway from Hsinmintun to Fakumen with the right of subsequent extension to Tsitsihar.[21]

The construction of such a line, however, was opposed and frustrated by the Japanese Government which in a series of official protests during 1907, asserted that the construction of such a line by a British firm was contrary to the provisions contained in the "protocols" attached to the Sino-Japanese Peking Treaty of December 22, 1905—Chinese Government not allowed "to construct, prior to the recovery by them of the said railway [South Manchuria Railway], any main line in the neighbourhood of and parallel to that railway, or any branch line which would be prejudicial to the interests of the above-mentioned railway."[22] The Chinese Government, in replying to the Japanese protest, pointed out that Japan had at the conference for Peking Treaty of 1905

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[21] Croly, *op. cit.*, p. 243.

[22] MacMurray, *op. cit.*, p. 554. (See Appendix E, 3.)

made the statement, which was included in the minutes of the conference, that Japan "would do nothing to prevent China from any steps she might take in the future for the development of Manchuria."[23] Japan did not rest her claim to veto the construction of the Hsinmintun-Fakumen railway upon the Peking protocols alone, but furthermore upon the Sino-Russian Convention of April 8, 1902.[24] But the provision—in case, in future, an "extension of the line [Shanhaikwan-Yinkou-Hsinmintun line] in South Manchuria, or construction of branch lines in connection with it" was to be undertaken, the matter "shall first form the subject of mutual discussion between the Russian and Chinese Governments"—contained in the Sino-Russian Convention of 1902 did not constitute one of the privileges appertaining to the South Manchuria Railway, and therefore a privilege transferred and assigned to Japan.

Finally, the only concession which Japan offered to make in connection with the Hsinmintun-Fakumen project was that, if construction were to be permitted, it should be extended so as to connect with Tieling on the South Manchuria Railway. This would obviously kill one of the purposes for building the line. The Chinese Government, refusing this proposal, offered to submit the entire matter to the Hague Court of Arbitration for adjustment. This was in turn rejected by Japan. Finally, the outcome of the affair was that, by an agreement of September 4, 1909, China was constrained to grant to Japan the pledge that "the Government of China engages that in the event of its undertaking to construct a railway between Hsinmintun and Fakumen, it shall arrange previously with the Govern-

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[23] League of Nations, *Report of the Commission of Enquiry* (Geneva, 1932), p. 45; Shuhsi Hsu, *China and Her Political Entity* (New York: Oxford University Press, 1926), pp. 295-296; Lawton, *op. cit.*, pp. 1222-1223.

[24] MacMurray, *op. cit.*, p. 328.

ment of Japan."[25] Upon this, Professor Pooley wrote:

> . . . It would be interesting to know whether a refusal to allow China to build a railway on her town territory is or is not an impairment of Chinese sovereignty, and whether such a railway as that proposed was not a measure for the "development of the commerce and industry of Manchuria.". . .[26]

How clearly Japanese violation of the Open Door appeared when she used the "Protocols" to prevent the construction by a British firm and with British money of an extention of the North China Railway from Hsinmintun to Fakumen. As Professor Pooley said above, Japan's prevention of the building of this line was clearly in violation of the pledge given by the Tokyo and St. Petersburg Governments in the Portsmouth Treaty, i. e., "not to obstruct any general measures common to all countries, which China may take for the development of the commerce and industry of Manchuria." With reference to Japanese frequent violation of the Open Door by the employment of the "secret protocols" of 1905, Professor Hornbeck said:

> It is a fact that Japan, introducing as the legal evidence and justification of her right to do so provisions of the secret protocols annexed to the Komura Treaty, prevented the building, by British firms and with British money, for the Chinese government, of the proposed Hsinmintun-Fakumen extension of the North China Railway. Russia had declared in the Portsmouth Treaty—when transferring her rights to Japan—that she has "no special privileges in Manchuria." In the same treaty the two countries had pledged themselves "not to obstruct any general measures common to all countries which China may take for the development of the commerce and industry of Man-

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[25] *Ibid.*, p. 790.

[26] A. M. Pooley, *Japan's Foreign Policies* (London: G. Allen and Unwin, Ltd., 1920), p. 49.

> churia." It follows that a secret treaty provision in which China undertook, upon Japan's demands, "not to construct any railway lines parallel to and competing with the South Manchuria Railway," amounted to the establishing in Japan's favor of a new and special privilege. This diminished China's freedom of action; it was therefore an immediate violation of the pledge made to Russia; it was contrary to principles set forth in Anglo-Japanese agreement of 1905; and it carried the implication of an intention to close the door in South Manchuria against railway enterprise in other than Japanese hands.[27]

The controversy naturally attracted attention in England, and protests were made by the news circles that Japan's action was a breach of her engagement in the Treaty of Portsmouth not to obstruct any measures China might take for the development of Manchuria. The view was not, however, supported by the British Government.[28] Finally, the British Government bound herself to that of Japan by the alliance renewed in 1905, and thereby reassumed an attitude that the British firm should not build any line in Manchuria to "compete" with the Japanese.[29] Henceforth, Great Britain, in effect, gave to Japan the right to veto railway extension throughout the whole of South Manchuria, for it vested entirely in her the power to decide whether any railway which China might wish to build in Manchuria would constitute a "railway which would compete injuriously with the South Manchurian line," and thus aided Japan very effectually in consolidating her position in Manchuria.

At this very moment, realizing her interests in Manchuria threatened by the influx of foreign capital, Japan

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[27] Stanley K. Hornbeck, *Contemporary Politics in the Far East* (New York and London: D. Appleton and Company, 1916), p. 259.

[28] Sir Harold Parlett, *A Brief Account of Diplomatic Events in Manchuria* (London: Oxford University Press, 1929), p. 22.

[29] H. B. Morse and H. F. MacNair, *Far Eastern International Relations* (Boston and New York: Houghton, Mifflin Co., 1931), p. 533.

came to an understanding with Russia by signing a political convention on July 30, 1907. In this convention the two governments, while proclaiming their mutual recognition of "the independence and the territorial integrity of the Empire of China and the principle of equal opportunity in whatever concerns the commerce and industry of all nations in that empire," especially engaged "to sustain and defend the maintenance of the *status quo* and respect for this principle by all the pacific means within their reach," which was a rejoinder to the Hsinmintun-Fakumen project.[30] On June 10 of the same year Japan for the same reason had somewhat similar agreement with France in which, while agreeing to respect the independence and integrity of China as well as the principle of equal opportunity, they emphasized to support each other in the maintenance of their respective rights in China.[31] The same provisions in the Russo-Japanese convention of 1907 and Franco-Japanese agreement of 1907, to the effect that Japan would adhere to "the independence and territorial integrity of China" and to "the principle of equal opportunity" in Manchuria, were in themselves violated by the policy of excluding the British railway enterprise from Manchuria.

Japan's prevention of the building of Hsinmintun-Fakumen line demonstrated clearly her success in closing the door of equal opportunity and following a policy to block which she had ostensibly fought in the war with Russia. Japan in this instance effectively secured a right to prevent China from constructing a railway on her own territory, and, by so doing, acquired a claim to what was tantamount to a monopoly of the railway construction in southern and western Manchuria. On the other hand, the defeat of the Pauling & Co. project be-

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[30] MacMurray, *op. cit.*, p. 657.

[31] *Ibid.*, p. 640.

came a precedent upon which the Japanese Government subsequently based a claim to oppose construction with British and American capital of the Chinchow-Aigun scheme.

5. Chinchow-Aigun Railway Proposal and Knox Neutralization Scheme, 1909

An early proposal of Mr. Harriman's round-the-world plan was that if the purchase of South Manchuria Railway and Chinese Eastern Railway had failed, a new line from Chinchow to Aigun would have been built. Thus, in 1908 Mr. W. Straight, then United States Consul General at Mukden, proposed to build this line with the consent of China. Messrs. Pauling & Co., the contractors for the proposed Hsinmintun-Fakumen line, then under discussion, were invited to participate, and accepted. The project thus became Anglo-American. It would be built by the British with American money. This was not only an attempt to maintain international interests in Manchuria, but was also a renewal of Harriman's attempt to carry out a round-the-world transportation scheme. While this event was happening, Japan concluded an agreement with United States on November 30, 1908, known as the Root-Takahira Agreement for mutual respect of each other's interests in the Far East.[32] In it the United States and Japan proclaimed to maintain the *status quo*, to support the independence and integrity of China and the principle of equal opportunity by all pacific means at their disposal and to communicate with each other regarding the measure to be taken if the *status quo* or the principle of equal opportunity were threatened. By this agreement Japan was obviously on purpose to obstruct any foreign-financed railway construction, particularly the Chinchow-Aigun proposal in Manchuria. However, the negotiations for

[32] *Ibid.*, p. 769.

the construction of the Chinchow-Aigun railway were successfully concluded by an agreement between Great Britain (Pauling & Co.), United States (American group) and China signed at Mukden on October 2, 1909.[33]

On November 6, 1909, Mr. Knox, the United States Secretary of State, presented a note to the British Government stating two comprehensive proposals. The first proposed that the powers including Japan and Russia should loan China the money as necessary to purchase the railway interests of Japan and Russia and to construct new railway lines in Manchuria and that pending its repayments, they should be placed under international control of interested Powers including Japan. The second provided that, if the first suggestion was not entirely feasible, Great British and United States Governments might support the Chinchow-Aigun arrangement and invite interested powers including Japan to participate in the enterprise. This he urged as

> . . . the most effective way to preserve undisturbed enjoyment by China of all political rights in Manchuria and to promote the development of those provinces under a practical application of the Open Door and equal commercial opportunity, . . .

and further asserted that this plan would render much advantage to Russia and Japan and that since they had repeatedly declared their adherence to the policy of guaranteeing the "unimpaired sovereignty" of China and of maintaining equality of opportunity for trade and commerce in Manchuria, this plan would relieve them of duties and responsibilities associated with independent management of their respective railways. This was the famous Knox neutralization scheme.[34]

But, as is well known, owing to the oppositions of

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[33] U. S. Depart. of State, *U. S. For. Rels.*, 1910, pp. 232 ff.

[34] *Ibid.*, p. 234.

Japan and Russia this plan fell to ground. They both considered it a threat to their special positions in Manchuria and made a series of protests.[35] These two governments kept in constant and close communication on this subject between the autumn of 1909 and the summer of 1910. It is interesting that the Japanese and Russian replies with reference to the Knox plan were received by the American representatives at Tokyo and St. Petersburg on the same date, January 21, 1910. Japan declared that the neutralization proposal was a departure from the terms of the Treaty of Portsmouth which had been strengthened by the Peking Treaty of December 22, 1905. She added that

> . . . so far as the question of the Open Door is concerned the principle of equal opportunity possesses in its applications to Manchuria a more comprehensive significance than it was elsewhere in China, since, in virtues of Article 7 of the Treaty of Portsmouth, the Japanese and Russian railways in those provinces were dedicated exclusively to commercial and industrial uses, . . .

and it was not necessary to disturb the existing railway conditions. Finally the replace of a national by an international regime of railway administration, in the view of Tokyo, was but a substitution of political expedients for economy and efficiency.[36]

With regard to the Chinchow-Aigun Railway, the early protest made by Japan was that the projected line would contribute a "railway which would compete injuriously with the South Manchurian line." But, as a matter of fact, it was beyond any Japanese competitive area as at no point nearer than 150 miles to the South Manchuria Railway.[37] Finally, on January 31, 1910, Mr.

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[35] For the texts of Japanese and Russian protests, see *ibid.*, pp. 248-261.

[36] *Ibid.*

[37] Lawton, *op. cit.*, p. 1335.

Ijuin, the Japanese Minister to China, wrote to the Chinese Foreign Office:

> . . . Before the Chinese Government determine anything, the consent of my Government must first be obtained. If the position of my country is ignored, and a decision is made without referring the matter to my Government, it will be hard to estimate the seriousness of the trouble that may be caused in the relations of the two countries. . . .[38]

But on February 14 the Japanese Government addressed a note to Chinese Foreign Office that Japan might participate in Chinchow-Aigun railway enterprise, provided that it would be connected with some point on the South Manchuria Railway as formerly made in Hsinmintun-Fakumen project.[39] As such, the provision in the Portsmouth Treaty, contained in Article IV, to the effect that Russia and Japan would in future not obstruct "any general measures common to all countries, which China may take for the development of the commerce and industry of Manchuria," was in itself violated by the policy of excluding American and British railway enterprise from Manchuria. To such a claim of right upon the part of Japan to contract future railway construction in Manchuria, United States lodged a strong protest on April 18, 1910. And the British Government had been pressed to take an active part in promoting the Chinchow-Aigun railway, but, on March 23, 1910, Sir Edward Grey stated in Parliament that His Majesty's Government was bound by her agreement with Russia in 1899 not to seek railway concessions north of the Great Wall.[40]

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[38] Cited by *Ibid.*, p. 1352; W. W. Willoughby, *Foreign Rights and Interests in China* (2 vols., rev. ed.; Baltimore: The Johns Hopkins Press, 1927), p. 185.

[39] Lawton, *op. cit.*, p. 1355.

[40] *British Parliamentary Debates*, (c) March 23, 1910, Vol. XV, p. 1037. "It has been urged by competent authorities that this agreement [Anglo-Russian Agreement of 1899] became *ipso facto* obsolete after the Boxer rising, and that in any case the Portsmouth Treaty and the Anglo-Japanese Alliance, both of which guaranteed

The British Government failed to find anything unreasonable in the attitude of either Japan or Russia.[41] Its attitude was bound to the former by the Anglo-Japanese Alliance of 1905, and its action was governed in respect to the latter by the Scott-Muravieff note of 1899. Great Britain evidently supported Japanese and Russian emphasis upon the maintenance of the *status quo*. Consequently, China dared not venture against the minds of Japan and Russia to conclude a contract for the construction of the line. With the result, the whole scheme of Secretary Knox was forced to abandon.

Following up their warning China not to discuss projects of this nature in future without first approaching them, Japan and Russia proceeded to clinch matters by concluding a convention on July 4, 1910, in which they pledged themselves again to maintain the *status quo* in Manchuria "as it results from all the treaties, conventions, or other arrangements hitherto concluded, either between Russia and Japan or between these two powers and China" and to consult each other regarding the measure to be taken for its defence should be menaced.[42] Such was a direct product of their opposition to the Knox neutralization plan and was their final reply to the American project. However, the Knox plan for neutralization of the Manchurian railways well tested the value of the adherence of Japan to Open Door in Manchuria. Thus, the mask of Japan in pretending the observance of the Open Door in Manchuria was consequently lifted by

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the integrity of China, were superior covenants, and consequently superseded any previous understandings that were oppossed to their provisions." (Lawton, *op. cit.*, p. 1338. Cf. also, *ibid.*, pp. 1338-1344.)

[41] *Ibid.*, April 27, 1910, Vol. XVII, p. 426. "Sir Edward Grey's ruling that the 1899 Agreement with Russia defining spheres of railway influence is still operative, and that Japan is at liberty to form her own opinions as to what constitutes and what does not constitute a scheme competitive with the South Manchuria Railway, may be open to question; but it is authoritative and therefore final." (Lawton, *op. cit.*, pp. 1347-1348.)

[42] *Manchuria, Treaties and Agreements* (Washington: Carnegie Endowment for International Peace, 1921), pp. 141-142.

Knox plan.

6. Sino-Japanese Agreement Regarding Mines along the South Manchuria Railway, 1909

By the agreement of September 4, 1909, besides forcing Chinese Government to promise that "in the event of its undertaking to construct a railway between Hsinmintun and Fakumen, it shall arrange previously with the Government of Japan," and recognize that "the railway between Tashichiao and Yinkou is a branch line of South Manchuria Railway" and "the right of the Japanese Government to work the said coal mines [Fushun and Yentai mines]," Japan obtained a further promise from China that "all mines along the Antung-Mukden Railway to the Main line of the South Manchuria Railway, excepting those at Fushun and Yentai, shall be exploited as joint enterprises of Japanese and Chinese subjects."[43]

As soon as this agreement was concluded, the American Government asked Japan whether this was meant to involve a monopoly of right to and exclude foreigners from mining in the localities concerned. Japanese Government assured that it was not endeavored to explain that the real object of the stipulation was to prevent independent exploitation either by China or Japan.[44]

7. Five Manchurian-Mongolian Railways Agreement, 1913

By a secret exchange of notes on October 5, 1913 with China,[45] Japan forced China to agree that the Japanese capitalists were to have prior right to advance the funds for the construction of the following five railways: a line from Ssupingkai via Chengchiatun (or Liao-

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[43] MacMurray, *op. cit*, p. 790.

[44] U. S. Depart. of State, *U. S. For. Rels.*, 1909, pp. 116-124.

[45] MacMurray, *op. cit.*, p. 1054.

yuan) to Taonanfu (or Taonan), another from Kaiyuan to Hailungcheng (or Hailung), and a third from Changchun to Taonanfu. These lines were to connect with the South Manchuria Railway. At the same time China was further made promising

> . . . that if in future railways are to be built from the city of Taonanfu to the City of Chengtehfu [or Chengteh, capital of Jehol], and from Hailungcheng to the city of Kirin, that if it is proposed to borrow foreign capital, negotiations will first be entered into Japanese capitalists.

The conclusion of this contract which was generally referred to as "The Five Manchurian and Mongolian Railways Agreement" was a distinguished victory for Japanese closed door in financial development of Manchuria.

8. Sino-Japanese Treaties and Notes of 1915

We then come to the Sino-Japanese Treaties and Notes of May 25, 1915,[46] the notorious Twenty-One Demands which Japan presented to China on January 18 of the same year at a time when the Western Powers were fully occupied with World War I. It is necessary here to discuss the Manchurian part of them with reference to the violations of the Open Door doctrine. By them among other things China agreed to open commercial ports in Eastern Inner Mongolia (Jehol) after consultation with the Japanese Ministers. Japanese were to be permitted to have the right of opening mines in South

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[46] The Treaties and Notes of May 25, 1915 are composed of the following four groups: (1) Treaty and Exchanges of Notes respecting the Province of Shantung, (2) Treaty and Exchanges of Notes respecting South Manchuria and Eastern Inner Mongolia, (3) Exchange of Notes respecting Hanyehping Matter, and (4) Exchange of Notes respecting Fukien Question. For the texts of them *vide, ibid.*, pp. 1216, 1220, 1229, 1230; *The Sino-Japanese Negotiations of 1915, Japanese and Chinese Documents and Chinese Official Statement* (Washington: Carnegie Endowment for International Peace, 1921). (For the texts of the Treaty and Notes respecting South Manchuria and Eastern Inner Mongolia, see also Appendix F.) Cf. *ante*, Chap. I, pp. 19-21.

Manchuria. Furthermore, China was forced to agree to negotiate first with Japanese capitalists in case funds were sought abroad for the construction of railways in South Manchuria and Eastern Inner Mongolia. It was also agreed that when the Chinese Government proposed to raise a loan abroad on the security of the taxes of South Manchuria and Eastern Inner Mongolia, excluding, however, the salt gabelle and customs duties which were already made securities for the loans of the Chinese Central Government, she would first consult Japanese capitalists. The notes further provided that if China desired to employ foreign advisers, political, financial, military or police in South Manchuria, preference would be given to Japanese.

However, in the Chinese official statement issued shortly afterwards on the subject of these negotiations the Chinese Government declared that although it was "constrained to comply in full with the terms of the ultimatum" it disclaimed

> . . . any desire to associate itself with any revision, which may be thus effected, of the various conventions and agreements concluded between other Powers in respect of the maintenance of China's territorial independence and integrity, the preservation of the *status quo*, and the principle of equal opportunity for the commerce and industry of all nations in China. . . .[47]

Japanese violation of the Open Door in the Treaties and Notes of 1915 can further be shown by the American Secretary note of March 13 to Japan and his identical notes of May 11 to both Japan and China in relation to the Japanese ultimatum of Twenty-One Demands. The United States was the only power which protested against these arrangements. On March 13, 1915, Bryan, the Sec-

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[47] *The Sino-Japanese Negotiations of 1915, Japanese and Chinese Documents and Chinese Official Statement* (Washington: Carnegie Endowment for International Peace, 1921).

retary of State, addressed a note to the Japanese Ambassador at Washington in which, after citing the various occasions on which the Powers had endorsed the principle of the Open Door; calling attention to the formal consent given by the Japanese Government in 1899 to the Hay proposals and in 1900 to the Hay's circular note sent to the other Powers including Japan; and referring to the Root-Takahira notes in 1908, he expressed the opinion that the rights and privileges, which "Japan seeks to obtain from China, are in conflict with the rights of Americans secured by treaties between the United States and China." In addition, he said:

> **The United States is not unmindful that many serious disadvantages would result to its commercial and industrial enterprises if special preference is given to one nation in the matter of concessions. An example is shown in the operation of South Manchuria Railway, whereby discriminations have been made for some time against freight brought into Manchuria in other than Japanese vessels. This case indicated the embarrassing results of concessions of a broad preference or option.**[48]

Again, when the negotiations of the Sino-Japanese treaties and agreements were communicated to the United States Government, that Government on May 11, 1915 sent identic notes to both Tokyo and Peking stating that the United States could not

> **. . . recognize any agreement or undertaking which has been entered into or which may be entered into between the governments of Japan and China, impairing the treaty rights of the United States and its citizens in China, the political or territorial integrity of the Republic of China, or the international policy relative to China, commonly known as the Open Door policy. . . .**[49]

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[48] U. S. Depart. of State, *op. cit.*, 1915, p. 105.

[49] *Ibid.*, p. 146.

Immediately after the signing of the Sino-Japanese Treaties of 1915, Japan took the advantage to conclude a series of loan contracts concerning the railways and mines and forests of Manchuria and Eastern Inner Mongolia. The Japanese bankers, with the support of their Government, took an active part in independent and exclusive loans, both to the Chinese Central Government and to the local government in Manchuria. Several Sino-Japanese railway and mining loan agreements were but supplementary to the "legal" grants obtained by Japan in the Sino-Japanese Treaties and Exchange of Notes of May 25, 1915, relating to South Manchuria and Eastern Inner Mongolia. The most notorious ones of the loans were the "Nishihara Loans" of 1918 which included the Bank Readjustment Loan Agreement, the Kirin-Huining (or Hueining) Railway Loan Agreement, the Loan Agreement for Developing Gold Mining and Forestry of Heilungkiang and Kirin Provinces, and the Four Railways Loan Agreement.

During the ministry of Count Terauchi, 1916-1918, the Japanese Government launched an exclusive positively financial and economic policy toward China, with the result that Japanese financiers acquired a large number of options to railway and industrial loans in Manchuria; and thus large sums were practically loaned to China in general and to Manchuria in particular. Seven of these agreements as follows were of considerable importance with reference to the Open Door in Manchuria.

9. Ssupingkai-Chengchiatun Railway Loan Agreement, 1915

In the loan agreement of December 27, 1915 between Japan (Yokohama Specie Bank) and China,[50] the construction of the Ssupingkai-Chengchiatun line was provided that all the movable and immovable property and

[50] MacMurray, *op. cit.*, p. 1249.

the revenues of the line should be secured for the loan, and the security of this loan should not be pledged for any other loan.[51] The Chief Engineer should be a Japanese. He had a duty to "make surveys, prepare plans, drawings, estimates, etc., to direct the technical part of the work, to purchase needed materials, rolling-stock, etc.," and also had the right of appointment as well as dismissal. In addition, the Traffic Manager should also be a Japanese. The Japanese Chief Engineer and Traffic Manager should be appointed by the Director-General upon the agreement with the Yokohama Specie Bank. The income of the railway was to be deposited in the Yokohama Specie Bank.

During the period of the building of the line, a person designated by the aforesaid Bank was to act as the agent of the line for the purchase abroad of all necessary building materials, rolling-stock and other articles. All supply contracts should be made through the Japanese Chief Engineer. The number of Chinese guards of the line was to be determined upon the agreement of the Yokohama Specie Bank. It was further provided that Japanese materials were to be given the preference if of the same price and quality as any other offered. Also that if, in the future, the line should be extended or branches built, and foreign capital wanted for the subject, the preference should be given to the Japanese banks.[52]

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[51] The Ssupingkai-Chengchiatun line is one of the five railways of which the right of financing the construction had been obtained by Japan through a secret exchange of notes of October 5, 1913 (*vide, ante*, p. 64, "Five Manchurian-Mongolian Railways Agreement, 1913"), and it now runs from Ssupingkai on the South Manchuria Railway toward Inner Mongolia to the west at Chengchiatun (Liaoyuan) and has been extended to Payentala (Tungliao) and to Taonan and Angangchi.

[52] The rights of the Yokohama Specie Bank to finance the construction of the extensions of Ssupingkai-Chengchiatun line beyond Chengchiatun were in 1919 transferred to the South Manchuria Railway Company. The South Manchuria Railway Company financed the construction of the remainder of the line to Taonan under the loan agreement of September 8, 1919, and also to Angangchi under the loan agreement of September 3, 1924. As to the provisions of these two loan agreements, they are same with those of the Ssupingkai-Chengchiatun railway loan agreement with least modifications.

As a matter of fact, the line running from Ssupingkai through Chengchiatun to Angangchi is but part of the former Chinchow-Aigun project which the Anglo-American interests had sought to construct in 1909 and in which the American Government had reserved the prior rights of the American financiers in 1916.[53]

10. Financial Relief Loan Agreements, 1916

Japanese bankers repeatedly made loans to the Manchurian authorities for the relief of the Manchurian financial organizations and for the redemption of small coin banknotes. In the loan agreement of 1,000,000 yen on June 9, 1916,[54] the securities were "all the property of the Mukden Electric Light Works," "all the property of the Mukden Telephone Administration," and "the whole area comprising the International Settlement, including roads built therein as well as other works of construction." It further provided that "before the repayment of principal and interest they [properties for securities] will not be used as securities for any other loan, or delivered to any other party." Furthermore, once the Manchurian authorities failed to pay the debt at the expiration of the loan term, all the properties for securities should be handed over to the Japanese for management.

In the loan agreement of 2,000,000 yen on August 1, 1916,[55] the security for the loan was "the entire revenue derived from the deed tax and wine tax of Fengtien Province." Moreover, the security, before the payment of the debt, should not be pledged as security for any other loan. But if the Manchurian authorities were unable to pay the debt, Japan should take "suitable steps to collect the wine and deed tax in order to pay the principal and

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[53] U. S. Depart. of State, *op. cit.*, 1917, pp. 168-169.

[54] MacMurray, *op. cit.*, p. 1418.

[55] *Ibid.*, p. 1419.

interest of the loan."

11. Kirin-Changchun Railway Loan Agreement, 1917

By an agreement of October 12, 1917 between the Chinese Government and the South Manchuria Railway Company,[56] a loan of Yen 6,500,000 was provided for the construction of the Kirin-Changchun Railway. The security was the property and receipts of the railway which should not be hypothecated to other loans before the redemption of the loan. The South Manchuria Railway Company undertook the management of the railway by appointing directors on important offices during loan term (30 years). It was furthermore provided that the freight receipts and other income of the railway should be deposited in Japanese banks and any more loans, if required, should be borrowed from the South Manchuria Railway Company, and if in the future the branch lines or extensions of the railway were built and foreign capital required, priority should be given to the South Manchuria Railway Company.

12. Bank Readjustment Loan Agreement, 1918

By the agreement of April 22, 1918 between Bank of Chosen and Fengtien Provincial Government,[57] 3,000,000 yen were loaned to the Fengtien Provincial Government for the purpose of "readjustment of the reserve of the Provincial Government Bank of Manchuria." The security for the loan was "all the shares held by Fengtien province in the Penhsihu [Penshihu] Colliery Company." In regard to this loan agreement on the aspect of "equal opportunity," Mr. C. Walter Young said:

> This new loan of 1918 was to facilitate the redemption of the badly depreciated provincial notes. An ac-

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[56] *Ibid.*, p. 1390.

[57] *Ibid.*, p. 1416.

> companying agreement, however, obligated the provincial treasury to guarantee the redemption of these "small coin" notes for Japanese holders at a rate of exchange as much as 50% above the current market rate. This operated to drive non-Japanese foreign firms out of business in the areas affected, or forced them to use Japanese gold yen notes in railway towns where the Bank of Chosen had introduced them.[58]

With regard to this situation of Manchuria, Mr. J. V. A. MacMurray,[59] American Chargé d'Affaires in Peking during Minister P. S. Reinsch's absence in the summer of 1918, reported to the Department of State in September that

> . . . both the American and British Governments were compelled to notify the Chinese Government that they must hold it responsible in damages for the losses of their nationals in consequence of this discriminatory arrangement; but even the payment of all direct claims on this score could scarcely compensate for the far-reaching effect of making southern Manchuria almost a closed field for foreign commercial enterprise.[60]

13. Kirin-Huining Railway Loan Agreement, 1918

A preliminary loan agreement of the construction of Kirin-Huining (or Hueining) Railway was concluded between China and the Industrial Bank of Japan, Bank of Chosen, and Bank of Taiwan on June 18, 1918.[61] This loan was made consequent on Article 3 of the Sino-Japanese Agreement of April 15, 1907, which stipulated that should the Kirin-Changchun Railway be extended and a foreign loan was necessary, the preference was to be given

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[58] C. Walter Young, *Japan's Special Position in Manchuria* (Baltimore: The Johns Hopkins Press, 1931), p. 259.

[59] Mr. J. V. A. MacMurray is the editor of *Treaties and Agreements with and concerning China, 1894-1919* which is the primary reference used in this work.

[60] U. S. Depart. of State, *op. cit.*, 1918, p. 133.

[61] MacMurray, *op. cit.*, p. 1430.

to the Japanese.

By this agreement "all the property owned by and the revenue due to the railway either at present or in the future" should be pledged to the loan as security. It was further provided that without the approval of Japan, China should not offer either the property or the revenue of the railway to others as loan security.

14. Loan Agreement for Developing Gold Mining and Forestry of Heilungkiang and Kirin Provinces, 1918

An agreement of August 2, 1918 was concluded between China and the Japanese banking syndicate for a loan of Yen 30,000,000.[62] The loan was provided ostensibly for the development of gold mining and forestry in the two Manchurian provinces of Heilungkiang and Kirin. Both the two properties and the Chinese Government's revenue from them were pledged as security for the loan. It was further provided that should the Chinese Government within the period of the operation of the loan agreement (10 years) desire to make a loan from others in respect to mines, national forests and their revenues, or to dispose of them, it should first consult with the Japanese financial interest. In a subsequent exchange of notes, it was stipulated that Japanese experts should be engaged "to assist in and perform the business of" the offices in charge of administering the gold mines and forests of these two provinces.[63]

This loan agreement was actually in violation of the policy of equal opportunity in Manchuria, and in conflict with the former pledges of both the Chinese and Japanese Governments. This was confirmed by American Chargé d'Affaires J. V. A. MacMurray in Peking in his communication to the Department of State, July 27,

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[62] *Ibid.*, p. 1434.

[63] *Ibid.*, p. 1437.

1918, in which he drew attention to Articles 8 and 9 which, as he said, established an "effectively exclusive right of working the forests and gold mines in the two northern provinces of Manchuria."[64] These two articles had granted Japan an exclusively Japanese financial participation in all future loans for the development of these resources in Manchuria. This, as Mr. MacMurray pointed out, was

> . . . an apparent endeavor to establish such a monopoly as was repudiated by both the Japanese and Chinese Governments in the case of the agreement concerning mines and railways in Manchuria in 1909. . . .[65]

15. Four Railways Loan Agreement, 1918

Then on September 28, 1918 was concluded the preliminary agreement between the Chinese Government and the Japanese banking syndicate for a loan for the building of the four railways of Manchuria and Inner Mongolia—the Taonan-Jehol, Changchun-Taonan, Kirin-Kaiyuan railways and the extension of the Taonan-Jehol line to the sea.[66] As to the Taonan-Jehol line with its extension to the sea, it but practically covered the southern section of the projected Chinchow-Aigun Railway and this was, in fact, admitted by Japan herself in her correspondence with the United States' State Department relating to the formation of the four-power financial consortium.[67] The security for the loan was "all the property and revenue of the Four Railways of Manchuria and Inner Mongolia at present and in the future." Moreover, it was provided that the Chinese Government

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[64] U. S. Depart. of State, *op. cit.*, 1918, p. 162.

[65] MacMurray, *op. cit.*, p. 1416.

[66] *Ibid.*, p. 1448.

[67] *The Consortium: The Official Text of the Four-Power Agreement for A Loan to China and Relevant Documents* (Washington: Carnegie Endowment for International Peace, 1921), pp. 47-48. (Hereafter cited as *The Consortium.*)

was not allowed to offer the above-mentioned property and revenue to other parties if without the Japanese approval. Upon the conclusion of this agreement the Japanese banking syndicate agreed to advance 20,000,000 yen to the Chinese Government without limitation as to its use.

With reference to this agreement, Mr. J. V. A. MacMurray, American Chargé d'Affaires in Peking during Minister Reinsch's absence, in the summer of 1918, reported to the State Department that the line from the proposed Taonan-Jehol line was "perhaps in conflict with the existing rights of British interests in respect to branch lines of the Peking-Mukden Railway."[68]

16. Consortium Agreements: 1912 and 1920

As to the Six-Power Consortium agreement of June 18, 1912 and the Four-Power Consortium agreement of October 15, 1920, they were embodied chiefly to prevent the superfluous and monopolistic loans independently offered to China as a whole and to Manchuria in particular by the Japanese financiers. Another object of them was to eliminate the particular claims in special spheres of interests and to throw open the whole of China.[69]

However, the failure of the two consortiums was, for the most part, due to the attempt of the Japanese Government to exclude South Manchuria and Eastern Inner Mongolia from the scope of operation of the consortiums[70] and the attempt of that Government to secure a recognition of "special rights and interests"[71] in these regions on the ground of affecting the security of Japan's eco-

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[68] U. S. Depart. of State, *op. cit.*, 1918, p. 132.

[69] *The Consortium*, pp. 28-30.

[70] *Ibid.*, pp. 26-28.

[71] *Ibid.*, pp. 30-31; MacMurray, *op. cit.*, p. 1024.

nomic life and national defence.

As a whole, Japan's general policy in Manchuria had been directed towards the creation of a monopolistic sphere. Despite her repeated approval of the Open Door doctrine, Japan made consistent efforts to obtain, and to a considerable extent, succeeded in obtaining, in Manchuria, not simply specific railway and mining concessions, but also options for future loans on railway and mining enterprises. Japan also claimed and exercised, with reference to the Hsinmintun-Fakumen and Chinchow-Aigun projects, the right to veto the building of other railway lines which she might deem prejudicial to either her commercial or strategic and political interests in Manchuria. Although Japan claimed to obtain the preferential or exclusive rights of mining and railway exploitation in Manchuria by treaties and agreements, her acts in Manchuria repeatedly incurred strong protests of the other Powers that the Open Door principle was being violated.

CHAPTER IV

JAPAN AND THE EQUAL OPPORTUNITY IN MANCHURIA

THE Open Door principle of equal opportunity apparently means that there should be in China no discrimination, based upon nationality, as to railway rates, harbor and navigation dues, or to tariff charges, and that no nation should obtain within specified areas general preferential or exclusive rights with reference to matters of mining, railway construction, or other opportunities of economic exploitation. Even supposing that the granting by China of specific economic concessions to the nationals of particular Powers was considered permissible, the granting of the concessions to them was not based or urged upon the ground that because of their nationalities they should have a preferential or exclusive right to obtain the concessions.

1. Japan's Preferential and Exclusive Rights in Manchuria

Japan never lived up to her promises. What she declared in the treaties was but a lip service. In various treaties and agreements since 1899 the principle of equal opportunity of all nations in China had been repeatedly insured by Japan.[1] However, as a matter of fact, immediately after the peace of Russo-Japanese War Japan, ostensibly bearing the banner of the Open Door doctrine, changed her attitude and sought to obtain, and, to

[1] Cf. *ante*, Chapter II.

a considerable degree, succeeded in obtaining by definite treaties or agreements the preferential or exclusive rights of railway and mining exploitations in Manchuria.[2] It is interesting to contrast with what Japan had done since the Russo-Japanese War the pledge of "the principle of equal opportunity for commerce and industry of all nations in China" contained in the Anglo-Japanese Treaty of Alliance of 1902, the renewals of the Anglo-Japanese Alliance of 1905 and 1911, the Portsmouth Peace Treaty of 1905, the Root-Takahira Agreement of 1908, the Lansing-Ishii Agreement of 1917 and the Nine-Power Treaty of 1922.

In the Portsmouth Peace Treaty of September 5, 1905, Russia and Japan declared that "they have not in Manchuria any territorial advantages or preferential or exclusive concessions in impairment of Chinese sovereignty or inconsistent with the principle of equal opportunity." Furthermore, they both agreed "not to obstruct any general measures common to all countries, which China may take for the development of the commerce and industry of Manchuria."[3] Nevertheless, Japan claimed and exercised to the Harriman international proposal of 1905, the Hsinmintun-Fakumen railway of 1907, the Knox neutralization plan of 1909 and the Chincow-Aigun project of 1909 the exclusive right to veto the building of other railway lines which she might deem either parallel to her South Manchuria Railway or prejudicial to her commercial or strategic and political interests in Manchuria. The Open Door was definitely shut so far as railway was concerned. It is obvious that Japan claimed the preferential and exclusive rights in Manchurian railway development and mining exploitation, such as not to build in the neighbour-

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[2] Cf. *ante*, Chapter III.

[3] J. V. A. MacMurray (ed.), *Treaties and Agreements with and concerning China, 1894-1919* (2 vols.; New York: Oxford University Press, 1921), p. 522. (See Appendix D.)

hood of the South Manchuria Railway any lines parallel to it or any branches prejudicial to its interests; to apply first to Japan should foreign capital be required for extensions or branch lines; to give preference to material and supplies of Japanese origin; to approach first the Japanese capitalists if funds were needed for railways, mines, forestry and other loan purposes, etc. Moreover, under the treaties and notes of 1915 based upon the Twenty-One Demands, Japan claimed to preferential and even exclusive rights with regard to the building of railways in Manchuria and the making of loans secured by local revenues of Manchuria. She also wrung from China in 1915 that if advisers or instructors on political, military, financial, or police matters were needed, the Japanese should be employed first. Under pressure from the Powers in the Washington Conference of 1921-22, Japan pretended to give up these preferential rights. But, almost immediately thereafter, the concessions were regained. What is more, Japan's claim of the exclusion of Manchuria and Mongolia from the scope of the Consortium of 1912 compelled the United States to withdraw from it in 1913 when President Wilson declared, "Our interests are those of the open door—a door of friendship and mutual advantage. This is the only door we care to enter."[4] Finally, in the negotiations for the new consortium of 1920 Japan insisted that South Manchuria and Eastern Inner Mongolia be exempted from its operations. Japan's claims to "special interests" in Manchuria were not only entirely inconsistent with the spirit of Open Door as stipulated in various treaties to which she was a party, but also with the United States' interpretation of Japan's "special interests" which had not any political implication.

In view of the foregoing facts, we come to know that Japan's general policy in Manchuria was directed toward the creation of a monopolistic or exclusive situation. Al-

[4]U. S. Depart. of State, *U. S. Foreign Relations*, 1913, p. 170.

though this policy could be largely defended on the ground that it had the support of treaties and agreements, it was still in spirit not only antagonistic to the Open Door Doctrine, but also contradictory to Japan's own declaration in the Treaty of Portsmouth.

2. Trade Exclusion and Government Aid

Russia's brief overlordship in Manchuria, at any rate, was a benevolent domination economically, whereas Japan took over everything of value, railways, mines, forests, etc. and established a semi-government monopoly to exploit them desperately in behalf of Japanese interests only. Russia had crudely tried to exclude other Powers, but Japan, while giving lip service to the Open Door, taking advantage of her political supremacy, set up traffic rebates, preferences, monopoly, and obstructed other than Japanese enterprises. With the result, frequent charges were made by other foreign Powers that the principle of equal opportunity was violated and the door was closed to all other foreigners in Manchuria. The other foreign Powers would not accept the simplest explanation —that Japan was near at hand and the largest buyer of Manchurian products. Instead, the success of the Japanese merchants could only be explained through the violation of the Open Door principle of equal opportunity. It is generally acknowledged that the Japanese did not need any discrimination in their favor and the best interests of Japan would have been served by the introduction of foreign capital. The more the goods were imported the greater would be the traffic receipts of the South Manchuria Railway, while any improvement in the economic life of Manchuria would result in increased purchase of Japanese goods which could be laid down in Manchuria much cheaper than goods imported from Europe or the United States.

With reference to the exclusive attitude of Japan in the region in China where she exercised political control

and influence, George Bronson Rea, later a pro-Japanese American and higher councellor to Japan-sponsored "Manchukuo" government, wrote in 1915:

> **Experience has shown that any regions in China in which political control is exercised by the Japanese, the tendency is for foreign trade other than Japanese to diminish. . . . It can be seen from the figures . . . that Japanese goods even when there was some limitation to the control exercised by Japan over South Manchuria, succeed in displacing those from other countries. When we turn to Korea . . . it is found that the trade of other countries, other than Japan, is steadily diminishing . . . when it is found that in one region in China in which the Japanese exercise political control and influence the trade of European and American nations succumbs to Japanese state-aided attacks, it is fair to assume that similar results will follow the acquisition of special interests of Japan in other localities. Japan desires to extend her political influence over Eastern Inner Mongolia, Shantung, Fukien . . . Some Japanese publicists are quite candid in regard to Japan's ambitions. They state that Japan is sufficiently powerful to compel the European and American merchants to surrender the China Market to exclusive Japanese exploitation. Japan professes belief in the Open Door policy as long as she thinks it advantageous for her to do so, but the time, they declare, has come when Japan can disclose her real policy, that of exclusion. . . .**[5]

The beginning of Japan's direct commercial activities in Manchuria did not wait upon the end of the Russo-Japanese War. In the time of the war, thousands of Japanese immigrants and commercial agents were tramping upon the heels of Japanese armies. Immediately after the war the Japanese Government began a systematic policy of inducing, encouraging and assisting their people to Manchuria; and special obstacles were put in the way

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[5] G. Bronson Rea, "Economic Effect of the Extension of Japan's Sphere of Influence in China," *Far Eastern Review* Vol. XI (May, 1915). Monthly, Shanghai. (American.)

of other foreigners wishing to enter South Manchuria.[6] The result was that the Japanese and their shipping and trading companies secured a monopoly of the Manchurian trade; whereas the trade of the European and American nations had to suffer to an unutterable degree from a Japanese trade monopoly and exclusive system having behind it the Japanese Government. The shipping companies, the South Manchuria Railway, the Mitsui Bussan Kaisha and the Yokohama Specie Bank—with all of which the Japanese Government was financially allied—became the great instruments for the consolidation of the industrial and commercial exploitation of the Japanese in Manchuria. Special rates by sea and on railway, special facilities for handling goods, and special rates of interest on loans were extended to the Japanese. All these occasioned adverse comments and bitter charges that a discrimination was made by the Japanese Government in favor of its own people. A great aid to Japan's trade was, as the *Far Eastern Review* remarked, "the economic paternalism of the Japanese Government which takes the shape of subsidies to steamship lines and the provision of cheap capital to merchants."[7] Assistance was also freely given to the Japanese firms by the Japanese semi-official banks in Manchuria. With reference to the matters directly involving the Japanese Government, Thomas F. F. Millard wrote to the following effect:

> **While many Japanese traders came to Manchuria on their initiative and operated independently, a majority of those now there really are agents of large Japanese commercial firms, which are backed by the Government. As a rule, these small traders have not the means to emigrate, or to purchase and import stocks of merchandise. As I have shown, the Government often has provided them with means for getting to Manchuria, and with some capital and credit. But while this assistance of**

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[6] U. S. Depart. of State, *op. cit.*, 1906, pp. 170 *et seq.*

[7] *Far Eastern Review*, Vol. XI (May, 1915), p. 488.

> the Government is given the outward form of an endeavor to help Japanese of all classes to make a beginning in a new country, it really is, when analyzed, a scheme to to aid big Japanese corporations associated with the Government to exploit Manchuria. . . . The Mitsui Bussan Kaisha, entrusted by the Government and guilds with supervision of the exploitation scheme in Manchuria, had established itself there before the war; almost immediately after the armies dislodged the Russians, it took steps to extend its relations. This company now covers South Manchuria with a web of branch houses and minor agents, which work hand in glove with the Japanese authorities, and are abetted and supported by them on every possible occasion, and in every practical way. It is impossible, in any intelligent estimation of commercial forces at work there, to ignore or minimize the relation between the Japanese Government and leading Japanese financial, industrial and commercial enterprises, which frequently are so close as almost to make them identical.[8]

3. Transportation Discrimination and Trade Monopoly

In examining matters which bore upon the Japanese policy of trade exclusion and discrimination in Manchuria, it may be better to take up the item of transportation facilities first. Japan, contrary to the Open Door Doctrine, allowed the transport of Japanese goods shipped by Japanese over her railways in Manchuria either free of charges or on special rates, while other foreign traders were bound to pay all.[9] In view of the volume of complaints against it, the Japanese Government abolished this rebate system in September, 1909.

During the Japanese military regime in Manchuria after the Russo-Japanese War it was notorious that foreign goods other than Japanese had great difficulty in

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[8] Thomas F. F. Millard, *America and the Far Eastern Question* (New York: Moffat, Yard and Co., 1909), pp. 226-227.

[9] *Vide*, F. Coleman, *The Far East Unveiled* (London: Cassell Company, 1918), pp. 13, 128-134.

getting transported on any terms, and often practically were refused transportation on excuse that cars were not available, or were subjected to such delay that shippers and consignees were seriously handicapped. Owing to bitter complaints, these discriminatory practices were later abandoned for more subtle methods.

For a time the South Manchuria Railway in discriminatory competition gave a lower rate from points north of Tashichiao, (from where its branch goes to Newchwang,) to Dairen than it gave to Newchwang (Yinkou), although to Dairen is 160 miles longer haul. It also gave a lower rate from Dairen to points north of Tashichiao than from Newchwang to the same points. Representations by the Newchwang American Chamber of Commerce to the foreign consular body there, and through it to Peking, finally induced the South Manchuria Railway to equalize its rates via Dairen and Newchwang. The most pertinent charge of violating the Open Door principle of equal opportunity was made by the United States in 1914, when the South Manchuria Railway offered a low rate on sea and rail shipments from Japan.

Japan in 1914 sanctioned reduced rates on through goods shipped to the interior of Manchuria from Japan only. The reduced rates were 15 per cent on local and 30 per cent on through cargoes.[10] But most of the foreign goods were transported not by way of Japan but through Shanghai. Therefore the special reduction of the rates was practically to favor the goods imported from Japan and to favor the ports of Dairen and Antung as against the port of Newchwang. As to the Antung-Mukden line, an important branch which enabled the South Manchuria Railway to extend its first tentacles into Manchuria, Japan had improved this line after the Russo-Japanese War with the announced object "to make it fit for the conveyance of commercial and industrial goods

[10] *Vide*, U. S. Depart. of State, *op. cit.*, 1915, pp. 594-625.

of all nations."[11] Nevertheless, the facts had proved the opposite. This applied to all goods originating in Japan, but it was in principle a violation of the Hay's Agreement, which forbade cheaper railway rates—although these rates might be enjoyed by non-Japanese exporters from Japan. In the Annual Report of the British Consul-General A. H. Lay for Korea, published in June 1914, he wrote in connection with a reduction of freight and customs on Japanese goods entering Manchuria via Korea:

> . . . The effect of the reduced customs duties at Antung in actual practice is to give preference to Japanese goods only, for any other goods which attempt to enter Chinese territory by this route would first of all have to pay duty on entering Korea. . . .

Both Britain and the United States recognized the importance of attempting to support their nationals in a country from which Japan was bent on excluding them. The British Vice-Consulate at Antung had long been closed, and in March of 1915 the United States withdrew its consular representation from Newchwang.[12] The negotiations on this matter continued on through 1915, and on January 25, 1916 the American Secretary of State wrote to Ambassador Guthrie in Tokyo:

> . . . The Railway Administration [South Manchuria Railway Co.] has several times altered the conditions under which the reduced rates will be granted.
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> At first they were made applicable to specific goods shipped from Japan. To obtain these special rates American goods would have had to be shipped via Japan. Subsequently, after objection made by various interests, the special rates were made applicable to goods in vessels

[11] MacMurray, *op. cit.*, p. 551, Art. VI of the Additional Agreement to Sino-Japanese Peking Treaty of Dec. 22, 1905. (See Appendix E, 2.)

[12] *Vide*, A. M. Pooley, *Japan's Foreign Policies* (London: G. Allen and Unwin, Ltd., 1920), p. 41.

> of certain Japanese lines. This being equally objectionable and not in harmony with the agreements into which Japan has entered for the preservation of equality of opportunity, it is now sought to make the enjoyment of reduced rates a matter of special contract the approval of which by this Government would apparently make it a party to the discrimination.
>
> You are instructed to bring the matter once more to the attention of the Foreign Office and point out that, in view of this Government, the right of American goods to receive the reduced rates can not be made to depend upon the route of shipment, the nationality of the importing vessel nor upon the signature by shipping companies of a contract with the railway, granting preferential rates. . . .[13]

As to the preferential treatment accorded to the Japanese shipping in the matter of harbour facilities at Dairen, Mr. L. Lawton wrote:

> Writing in the *Kobe Herald* under the date August 22, 1908, a correspondent observed that "during a prolonged residence in Tairen [Dairen] I have on numerous occasions seen berths kept vacant for Japanese vessels which were expected, while several foreign vessels were lying at anchor in the harbour waiting to discharge. On one occasion I observed that a berth was reserved for a Japanese steamer for three days, when there were three English ships which could not find accommodation. Not only this, but foreign vessels are shifted about from one wharf to another to make room for Japanese, and often have to discontinue work altogether and anchor in the harbour if the authorities want the berth for one of their own country's ships.[14]

Although later having a little change of her attitude of discriminatory competition, Japan still enjoyed considerable advantage in goods transportation facilities both

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[13] U. S. Depart. of State, *op. cit.*, 1916, p. 447.

[14] Lancelot Lawton, *Empires of the Far East* (2 vols.; London: G. Richards, Ltd., 1912), p. 1193.

on land and sea, notwithstanding the special rates for conveyance from Japan by subsidized shipping lines being recognized somewhat legitimate. But the Japanese goods which entered other countries where Japan was not entitled to preferential treatment should be transported and marketed under the same conditions as other foreign goods. So in Manchuria other trading nations had a right to insist that Japanese railways should afford equal facilities to shippers regardless of nationality, and that they should not be permitted to establish a transportation monopoly under cover of which subtle forms of discrimination should be easily practiced. Mainly in order to reply to the charges on Japanese freight rate discrimination in Manchuria, Japan exchanged the known Root-Takahira Notes with the United States on November 30, 1908 to insure the principle of equal opportunity in Manchuria. But no sooner had she exchanged the notes than she took the former discriminatory attitude.

As a matter of fact, the South Manchuria Railway was a governmental monopolistic instrument of Japanese exploitation in Manchuria. The South Manchuria Railway was conceived in sin, and had lived up to its reputation since birth. It was the branch line of the Chinese Eastern Railway built by the Czarist Russians in their drive toward a warm-water port of the Pacific, and it was claimed that the concession of the C. E. R. with its branch of S. M. R. was obtained by Russians from Peking Government by bribing the old emissary, Li Hung-chang, when he was in Moscow in 1886 attending the coronation of Czar Nicholas II. The Japanese regarded this Russian railway thrust into South Manchuria as "a dagger pointing at the heart of Japan." They, therefore, launched a war on the Russians shortly after the completion of the railway. As soon as she obtained possession of the line, Japan, "reversed the dagger" so that henceforth the handle of that weapon was firmly grasped by the Kwantung branch of the Imperial Japanese Army with blade extending northward to

Changchun on the border of the Russian sphere. Japan then took a leaf out of the book of Czarist imperialism and developed the South Manchuria Railway as her own instrument of aggression in Manchuria. Immediately followed the Portsmouth Peace Conference, Japan borrowed large sums of money in Great Britain, which they used ostensibly for the South Manchuria Railway, but, in fact, for the development of imperial interests operated by the Railway Company, resulting in a monopoly and competition against the other foreign interests in Manchuria. The United States, who had assisted in bringing about peace between Japan and Russia and thereby saving Japan from threatened bankruptcy, was only rewarded with contracts for railway equipment, paid for out of the British loan. On the Pyrrhic victory of Great Britain by lending money to Japan, Mr. L. Lawton made the following comment:

> . . . At present we are pursuing a short-sighted policy inasmuch as we are actually financing the Japanese in their commercial campaign against ourselves. So long as they are able to obtain money at a low rate of interest to be applied for the purpose of bringing in a high return through the medium of business concerns established on the spot, so long will we be hopelessly handicapped, the surplus from war funds borrowed in England enabled the Japanese Government to invest in the South Manchuria Railway. Debentures floated in this country have resulted in the expansion of that great corporation at the expense of private enterprise. Although the Japanese Government denies that it lends money at a low rate of interest to Japanese traders in Manchuria, it cannot truthfully refute the statement that indirectly it provides them with the necessary financial assistance.
>
> Another example of the means resorted to by the Japanese in order to finance themselves is to be found in the debenture loan floated in London on behalf of the Industrial Bank. The money so obtained at comparatively low interest was used to stimulate Japanese activities in Korea, and it also enabled the bank to support various enterprises of a nature likely to compete with

British effort. It must be remembered that whether or not money is lent to Japan specifically for purposes in Manchuria, the effect of its employment in any other direction must to some extent affect our interests in Manchuria. Japan is the base and Korea the advanced base for the commercial attack upon Manchuria. The Japanese themselves are not astute enough to conceal their financial strategy. "There is no reason to be discouraged over the shortness of money in Manchuria," wrote the *Jiji Shimpo*, an influential organ. "Our credit is fortunately high in foreign markets, and capital can be borrowed at low rates." The only way to meet Japanese competition effectually is to stop the supply of cheap money. The nation is spending the price of its own activities upon armaments, and meanwhile is depending upon foreign funds for the expansion of trade and industry. [15]

Henceforth, fearing the future complications resulting from the operation of the South Manchuria Railway as a semi-official enterprise, the then American Secretary of State P. C. Knox proposed a neutralization plan of all railways in Manchuria, although Japan and Russia quickly got together to block the intervention of a third party into a territory which they regarded as their private spheres. As to the South Manchuria Railway Co., it was operated both economically and politically. The South Manchuria Railway Co. resembled in many respects the British East India Company, which was largely responsible for bringing India, Straits Settlements and other Asiatic territories into the British Empire. The Company was empowered by the Japanese Government to carry on various affiliated enterprises, such as, marine transportation, operation of electric light and power plants, gas works, warehousing and docking, operation of tourist hotels and restaurants, and the control of the so-called railway "Zone" on each side of the railway track, including numerous Chinese cities, towns and villages. The administration of the

[15] Lawton, *op. cit.*, pp. 1271-1272.

"Zone" included monopolistic dealings in real estate, land and buildings, development of Japanese concessions, industries, mines, forests, etc. As an illustration of the rigid methods employed to bolster up the monopoly of the South Manchuria Railway Co. in certain branches of trade, an amusing story is related of a foreigner in Dairen, who, being the proud possessor of a cow, obliged a friend by supplying him for a small remuneration with two bottles of milk *per diem*. The Japanese claimed that this infringed the Company's dairy monopoly, and brought a legal action against this procedure which was practically stopped in the long run.[16] At the annual meeting of the Shanghai American Chamber of Commerce it was reported:

> With reference to preferential railway rates in Manchuria we continue to press for "open door" treatment; but so far the Japanese authorities have met us with what can only be described as statements of an evasive nature.[17]

In the *Supplementary Documents to the Report of the Commission of Enquiry* it was written through another version:

> On various occasions the question of secret rebates by the South Manchuria Railway has been raised, and, after careful enquiries from neutral sources, including the foreign Consuls, etc., I have been unable to confirm the statement that such rebates were being granted direct to favoured shippers by the South Manchuria Railway. However, a somewhat similar result is obtained by that company as a result of its relations with the Kokusai Company. The latter organization is a joint-stock company said to have been organized by the railway company and controlled as to stockholdings by the railway. The Kokusai Company is ostensibly a forwarding agency

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[16] *Ibid.*, p. 1196.

[17] Pooley, *op. cit.*, p. 41.

(maison d'expedition), and I understand that it can quote freight rates on the South Manchuria Railway anywhere up to 25 per cent reduction on the published tariff rates.[18]

Finally, the key of the currency system in Manchuria was held by the Yokohama Specie Bank and Bank of Chosen. They assumed prominence among elements which operated to Japan's advantage in her commercial exploitation of Manchuria. In the course of the 1914 report of the U. S. Consul-General at Mukden, published in the *United States Commerce Reports,* February 20, 1915, appear the following:

> The only bank in Mukden doing foreign business is the Yokohama Specie Bank. . . . A general preference is given to the Japanese merchants and traders. Rates for advances on cargo expected are as follows: Japanese, seven per cent; foreigners, eight per cent; Chinese, ten per cent.
>
> In selling their products, the Japanese have been favored by cheap home labor, government subsidies, special railway rates, preferential customs treatment and exemption from internal taxation. . . . The main-spring of all Japanese influence in Manchuria is the South Manchuria Railway Company, a semi-government concern, which is lavishly expending money on its railway property and in the numerous Japanese settlements, constructing administration buildings, schools, colleges, hospitals, hotels, developing houses, and various works connected with founding town on modern lines. . . .
>
> . . . All imports and exports from South Manchuria via Dairen (Dalny) or Antung must be handled by the South Manchuria Railway.[19]

4. Duty Evasion and Smuggling

So soon as the sword was laid aside Japan quickly

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[18] League of Nations, *Supplementary Documents to the Report of the Commission of Enquiry* (Geneva, 1932), pp. 40-41.

[19] "Report of U. S. Consul General P. S. Heintzleman at Mukden, Dec. 21, 1914," *U. S. Commerce Reports,* February 20, 1915.

came to strengthen her position in South Manchuria. Until the establishment of Customs at Antung and Dairen in 1907, the Japanese imported goods through these two ports to any part in the interior of Manchuria not only free of import duty but also free of *likin* charges, a kind of local tax, while the other foreign commodities had to pay duty at Newchwang, the then only open port in Manchuria, and *likin* charges if transported to the interior of Manchuria. To the complaints of the foreign business men Japan replied that she would not accept the establishment of a Customs at Dairen and Antung unless a similar measure was taken in the Russian frontier. This declaration was extremely significant, inasmuch as it had been the first occasion since the Russo-Japanese War upon which Japan had openly claimed that her policy was ruled by that of Russia. In view of her former protestations both during the period of hostilities and at the time of the peace negotiations, that she had been alone animated by a sincere desire to see the Open Door policy maintained, her new attitude gave rise to unfavorable criticism in the world. On this Mr. L. Lawton wrote:

> . . . The contention that the conditions of Dalny [now Dairen] were comparable with those existing on the Russian frontier was ridiculed, for it was common knowledge that the volume of trade entering Manchuria through Russia was insignificant. Dalny, however, was an unfair competitor with Newchwang [Yinkou], where a Customs tariff was in operation. . . .[20]

As a matter of fact, the absence of duties at Antung and Dairen and the exemption of *likin* charges, together with the restrictions placed upon foreign shipping, enabled the Japanese to import goods in sufficiently large quantities to undersell foreign merchants, and with the results the foreign merchants suffered a grievous handi-

[20] Lawton, *op. cit.*, pp. 1155-1156.

cap. Obviously here was a flagrant breach of the Open Door principle of equal opportunity, to which Japan had repeatedly and emphatically protested her strict adherence.

In 1906 the report of the Shanghai American Chamber of Commerce, whose investigation trip to Manchuria was at first refused by Japan and after arriving in Manchuria they were prevented by Japanese officials from meeting persons likely to represent conditions unfavorable for the Japanese administration and kept away from prominent Chinese, painted that the Japanese administration was ruining the country and was deliberately bent upon driving all foreign business out of it. [21]

Not until September 1, 1906 was Dairen port declared an open port. In 1907 the Customs houses were established respectively at Antung on March 1 and at Dairen on July 1 and also on the Russo-Chinese frontier; but the Dairen Customs house was put under the charge of a commissioner of Japanese nationality. Thus the cause for complaint in the matter of tariffs was finally removed. After the establishment of the Custom-house, the quantity of merchandise coming through Dairen suddenly fell off on account of the fact that until July, 1907 it had entered Manchuria free of duty by this route. However, Japanese commodities which were brought into Manchuria by the way of Antung and Chientao, a district of Manchuria bordering Korea, still paid no duty.

Restrictions upon the internal trade which gave rise to complaints from other foreign merchants and also from Chinese officials, usually produced irregularities in connection with the evasion of *likin*, a kind of local tax. From the time they dislodged Russians from the South Manchuria the Japanese paid no attention either officially or privately, to local tax regulations. Japanese traders who had swarmed into Manchuria in the trail of the armies since the Russo-Japanese War consistently re-

[21] Millard, *op. cit.*, pp. 215-216.

fused to pay *likin* from the beginning, while other foreign merchandise was taxed by the Chinese who allowed the Japanese merchandise to pass duty free. During the military occupation immediately after the Russo-Japanese War this exemption in favor of the Japanese was the result of pressure exercised by the Japanese military authorities; but, for the mere sake of appearances, a farcical formality—the presentation of a certificate signed by a Japanese petty officer and stating that the goods were imported for military purposes—was complied with. When withdrawal of the greater part of the army invalidated this excuse, the usual reply was a general denial. However, as soon as the troops were withdrawn, to continue to protect the smuggling of goods into the interior of Manchuria Japan found other methods, pretexting that they were the articles required either for the consumption in the leased territory[22] or for the use of the South Manchuria Railway Co.,[23] and, of course, should be exempted from the imposition of duties of any kind. As facts stood, when the value of the goods officially declared to be imported solely for consumption in the leased territory of the Liaotung Peninsula was worked out *per capita* of the then Japanese population in Manchuria, the amount was proportionately so large as to warrant the inference that a not inconsiderable quantity of articles found its way across the frontier into the interior of Manchuria without paying any duty. On the other hand, in connection with the pretext that the goods imported duty free into Manchuria were required for the use of the South Manchuria Railway Co., it would be interesting to know whether the

[22] On May 30, 1907, a Customs agreement was concluded between Japan and China, providing that the leased territory of Kwantung should be a free region, and that merchandise should be subjected to import dues so soon as it passed outside that region. (MacMurray, *op. cit.*, p. 634.)

[23] Article VIII of the Additional Agreement of the Sino-Japanese Peking Treaty of 1905 declares that "The Imperial Chinese Government engage that all materials required for the railways in South Manchuria shall be exempted from all duties, taxes and *likin*." (*Ibid.*, p. 551.) (See Appendix E, 2.)

goods which the Japanese claimed to be conventionally exempt from duty were materials required for the South Manchuria Railway Co., or they were goods required for the multifarious concerns in which the South Manchuria Railway Co. was interested as it was engaged in a variety of commercial undertakings. It is clear, therefore, that if the South Manchuria Railway Co. was permitted to import duty free all goods required for its numerous undertakings, private enterprises not only of other foreigners but also of Japanese would be placed at a serious disadvantage. In view of the foregoing facts, there is no doubt that the Japanese Government had connived at a systematic smuggling.

Japanese immigrants refused to pay not only *likin* but also all other local Chinese taxes. Attempts of local Chinese officials to collect these taxes from Japanese had been invariably futile; and Chinese police dared not interfere in such cases, for it would speedily bring a detachment of Japanese troops to the scene and might lead to humiliation of the Chinese officials. Upon the duty discriminations the American Association of China in its report for 1914 stated:

> Turning now from trade in general to some particular considerations—what is the outlook? American cottons formerly held a premier position in Manchuria. Under Russian occupation every nation stood on an equal footing in Manchuria. The same duties and charges were assessed against all, and facilities for distributing goods and doing business in general were satisfactory. Now it is all changed. Under Japanese administration, no chance to advance its own trade is overlooked, and to competitors the means taken appear to be a departure from fair trading. In fact, they constitute a most serious violation of the "open door" principles on which the diplomacy of the United States in China is based. Japanese competition takes the form of a system of rebates, not only in freight and steamer rates, but in remission of duties and charges which are assessed against all other nations. In addition

> to this, many forms of petty annoyances have been worked out for the non-Japanese trader, and the imitation of established trade marks is common.[24]

There remains another illegal business penetration committed by Japan in Manchuria. Japan allowed her traders engaged in business outside the treaty ports. This was both contrary to the provisions of treaties and also disadvantageous to the other foreign traders who respected their treaties concluded with China.

5. Tobacco Monopoly and Imitation of Trade Marks

Before the Russo-Japanese War the tobacco trade in Manchuria had been largely in the hands of the British-American Tobacco Company. When the Japanese Government compelled the company to sell to it its factories in Japan, the company began the erection of factories in China. The Japanese Government Tobacco Monopoly soon became a serious competitor of the British-American Tobacco Company, particularly in Manchuria. After the war, in Manchuria various obstacles were placed in the way of the business of the latter. For instance, the return of its agents was delayed, and the hawkers of its products were interfered with in the Railway "Zone"; while every protection was given to the Japanese agents and traders.

Furthermore, in May, 1906, an increase of *likin* upon tobacco was put into effect in Manchuria. The products of the British-American Tobacco Company paid the increased *likin*, while the Japanese articles did not. To foreign protests the Chinese authorities replied that the increased tax had been put into effect under the orders from the Japanese military authorities. This is one of the underhand and unfair measures adopted by Japan with the aim to beat down the other foreign businesses.

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[24] Cited by Pooley, *op. cit.*, p. 421.

In connection with this illegal competition, Mr. T. F. F. Millard wrote to the following effect:

> Japanese military administration of southern Manchuria had not continued for long when complaints began to reach managers of the British-American Tobacco Company in Shanghai that their Chinese agents in Manchuria were having trouble. Hawkers of their products were not permitted about railway stations, and many hawkers were maltreated and threatened by Japanese roughs. It became evident that a campaign of intimidation against native vendors of British-American brands was systematically being carried out; and it even was extended to the shopkeepers. Meanwhile products of the Japanese Government Tobacco Monopoly were being energetically pushed, usually by Japanese traders, but in many cases by Chinese merchants who were induced to accept Agencies. Native agents of the British-American Company quickly felt the effects of this movement, and soon found themselves seriously handicapped. When representations were made to the Japanese authorities, they denied that such conditions existed, and at first refused to allow a foreign representative of the British-American firm to travel in the country to investigate and look after its interest. . . .[25]

Soon after the British-American company established its large factory in Mukden, the Japanese Government Tobacco Monopoly built a factory at Newchwang. This factory distributed its goods not only free of the production tax but also the consumption tax. The Japanese Government, in its *Financial and Economic Annual* for 1908, claimed that statistics showed a marked increase in the quantity and value of the tobacco exports since the monopoly came into operation, and added: "the market has been mainly enlarged in Korea and Manchuria, and gradually extended to South China and India."[26]

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[25] Millard, *op. cit.*, pp. 231-232.

[26] Cited by Lawton, *op. cit.*, p. 1021.

As regards the imitation and counterfeit of foreign-made articles it is another phase of illegal commercial competition which Japan had introduced into Manchuria since the Russo-Japanese War. These imitations were numerous, but the article imitated most by Japan was packed cigarettes. From this imitation the foreign commodities had suffered to a great extent.[27]

With reference to the imitation of trade marks Mr. L. Lawton wrote the following:

> . . . According to an interview with him [W. Straight, American Consul-General at Mukden] which appeared in the *New York Herald* . . . he did not deny that Japan, in her fierce aggressiveness to seize the Chinese markets, had flooded the Empire with goods that approximated or imitated American wares, with labels placed on these goods bearing trade-marks that boldly approximated those appearing on genuine American products. These might, he said, bear an English sentence stating that the goods were manufactured in certain Japanese cities. As the Chinese did not read English they could not distinguish between the trade-marks, and the Japanese cheap goods were bought as widely as the genuine American products. Dissatisfaction resulting from the purchase of inferior qualities naturally was arousing some hostility towards American producers in China.[28]

The interests of foreign merchants in Manchuria also suffered sufficiently from the postal discrimination and embarrassment effected by Japan. Complaints of the loss or opening of letters and parcels and of excessive delay were frequent. Mr. H. Croly said,

> . . . Nearly all of the American Consul's foreign mail had to pass through the Japanese post-office before it reached him, and Japanese mail was always given pre-

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[27] *Vide*, Coleman, *op. cit.*, p. 137.

[28] Lawton, *op. cit.*, p. 1262.

> cedence. Important official correspondence from Washington came in sealed pouches, but other mail was repeatedly opened in transit. His consular code was stolen. . . .[29]

The known incident of the American consular code stolen by a Japanese postman at the American Consulate-General in the time of Willard Straight, the first American Consul-General to Mukden, is sufficiently to illustrate the ill-behaviour and barbarousness of the Japanese in Manchuria.[30]

As soon as the Russo-Japanese War was at an end Japan quickly endeavored to take full advantage of the special position she held in Manchuria in order to secure a predominence in trade. Thus, she pursued a preferential policy at the expense of other foreign interests. Under such a discriminatory circumstances the Japanese manufacturers and business men became the greatest competitors of other foreign interests in the Manchurian markets. In the report of 1909, Fred. D. Fisher, the then United States Consul at Newchwang, said: "Manchuria has been the principal market in China for American piece-goods, and until 1905 the United States practically had a monopoly of the trade"; and in his report on the trade of the port of Newchwang for the year 1910 American Consul Clennell stated, "while Japanese articles have increased in almost every line, those of British and American origin have been imported in reduced quantities and values."[31] As Mr. K. K. Kawakami, the world-known Japanese writer and correspondent at Washington, said, "it is true that the American cotton goods trade has gradually diminished before the competition of cheaper Japanese goods."[32] The following

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[29] Herbert Croly, *Willard Straight* (New York: Macmillan Co., 1924), p. 210.

[30] For the story of the incident, see Lawton, *op. cit.*, pp. 1201-1202.

[31] *Ibid.*, pp. 1264, 1266.

[32] K. K. Kawakami, *Japan Speaks on the Sino-Japanese Crisis* (New York: The Macmillan Co., 1932), p. 107.

Table I will show at a glance the enormous strides made by Japan in the importation of cotton goods to Manchuria, the progress of Dairen as a port at the expense of Newchwang, and the remarkable decline of the United States piece-goods trade:[33]

TABLE I

Cotton Goods Imported to Manchuria by Japan and United States

Description	*Newchwang*		*Antung*	*Dairen*
	1905	*1910*	*1910*	*1910*
Shirtings, Grey	Pieces	Pieces	Pieces	Pieces
Plain				
American	79,216	137,005	6,473	5,513
English	100,735	85,850	7,589	3,604
Japanese	8,000	14,501	.....	8,358
Shirtings				
American	2,252,165	325,590	42,502	6,871
English	10,905	11,350	2,380	4,833
Japanese	60,266	244,544	60,310	420,270
Shirting, White				
	125,261	140,577	27,491	15,378
Drills				
American	974,557	170,718	9,987	3,062
English	2,115	1,862	1,475	4,797
Japanese	11,862	149,509	4,440	129,339
Jeans				
American	151,023	3,440	.....	40
English	33,468	293,033	16,922	12,550

With reference to the American trade in Manchuria, in his *Manchoukuo: Child of Conflict* Mr. K. K. Kawakami stated to the following effect:

> . . . American loss in the cotton goods trade was made

[33] Cited by Lawton, *op. cit.*, p. 1267.

> up many times by the phenomenal increase of American trade in other lines, notably steel and other railway materials. For more than ten years beginning in 1908, steamer after steamer arrived at Dairen bringing in American rails, locomotives, Pullman coaches, passenger and freight cars, bridge material and so on. . . .[34]

What Mr. K. K. Kawakami has stated is the true fact; but he has overlooked history—the fact that the Americans, who had assisted in bringing about peace between Japan and Russia and thereby saving Japan from threatened bankruptcy, were rewarded with the contracts for railway equipments. The increase of American trade to Manchuria in railway materials was naturally produced in the course by the contracts made between Japan and the United States, and such a condition did not exist any longer as soon as the contract term—"more than ten years"—expired.

At the moment just on the eve of the Mukden Incident of September 18, 1931, a steady though slight improvement in Manchurian commercial situation was apparently made by Japan although obstacles were put in the ways of the construction of Hulutao harbor and the establishment of Antung power plant, which were both interested by the other foreigners. But the spirit of the "Open Door" principle of equal opportunity was invariably violated in many ways. In a word, Japan's policy was to retain her hold in Manchuria as close as other nations could be induced to tolerate, and to use this grip, by unfair and illegitimate means, to establish Japanese interests in a position of supremacy at the expense of others. Since the puppet Manchukuo came to the scene, the door in Manchuria had been tightly banged to the other nations. In other words, the door in Manchuria was opened for other foreigners to get out, and the opportunity in Manchuria was kept for Japan alone!

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[34] K. K. Kawakami, *Manchoukuo: Child of Conflict* (New York: The Macmillan Co., 1933), p. 252.

CHAPTER V

FOREIGN INTERESTS IN MANCHURIA

MANCHURIA, the Northeastern Provinces of China, is a land of great possibilities and potentialities. It is a country with undeveloped resources, a fairly high degree of economic organization, an industrial people, meager capital equipment, and high rates of interest. It has attracted the world's close attention with the three economic factors: (1) it is rich in forests and mineral resources and consists of very fertile land whose capacity for agricultural development is almost unlimited, thus earning for the area the titles of the "Grain Basket of Asia," the "Granary of the World," and the "Land of the Bean"; (2) it has a relatively high *per capita* production; and (3) it is better served by railways than is China proper. With respect to the field of trade, Manchuria's external trade has developed far faster than has that of China as a whole. As regards the foreign investments, Manchuria stands next to Shanghai as a field for direct investments. In both fields of trade and investments, a keen competition has arisen among the Powers. Before the Mukden Incident of September 18, 1931, the Chinese Government, handicapped by financial difficulties and technical deficiency, was anxious to invite the cooperation of foreign countries in developing the natural resources of Manchuria and particularly anxious that Japan, a close neighbour, should offer that cooperation. This attempt was especially emphasized in the development of its railway enterprises. But unfortunately since 1905 Japan had invariably pursued an aggressive policy based on a desire to monopolize the control

and development of every enterprise with no regard for the two principles of the Open Door Doctrine—China's integrity and equal opportunity.

1. Foreign Trade

Before 1931, owing to its rapid colonization Manchuria's external trade with China proper and other foreign countries had increased greatly with the years. In 1900 Manchuria scarcely appeared in records of world trade. Its needs were few, its contributions less. Within thirty years it had built up a large volume of international trade. In connection with the rapid development of Manchurian trade Mr. R. B. Hall in his article published in the *Annals of the American Academy of Political and Social Science* of November 1930 wrote that,

> Although Manchuria contains but one twelfth of the area of the Chinese Republic and but one sixteenth of its population, it accounts for nearly one third of China's total trade. In 1927, the *per capita* trade of all China was 4.8 taels; that of Manchuria was 23.8 taels, or more than five times greater. The development of Manchurian trade has been spectacular. From 1907 to 1927 the increase was from 51 million taels to 616.3 million or over twelve times. During the same period, the total trade of all China increased but three times. Manchurian exports increased seventeen times and imports but 8.5 times from 1907 to 1927, and a favorable trade balance is regularly maintained.
>
> The exports, as is to be expected, are chiefly agricultural. Soy beans (26.9 per cent), bean cake (22.3 per cent), and bean oil (8 per cent), give to this important product 57.2 per cent of the total exports. Millet and kaoliang comprise 11.9 per cent. Other exports are: coal, 9.3 per cent; tussah silk, 2.7 per cent; timber, 1.7 per cent; pig iron, 1.6 per cent; and seeds, 1.1 per cent. No other product contributes over 1 per cent of the exports.
>
> The imports are typical of those of new, non-industrialized countries. They are chiefly manufactured goods. Cotton textiles comprise 20.7 per cent; grain bags, 13.1

per cent; iron and steel, 16.4 per cent; and sugar, tobacco products, machinery, and so forth, all fall below 5 per cent.[1]

Manchuria's trade with both China proper and the rest of the world had grown enormously since the Russo-Japanese War, having advance almost without a setback until 1930 due to the world economic depression. During this year, foreign trade suffered a reversal, but trade with China proper continued to advance. Beginning from 1909 with the exception of three years after the Revolution of 1911 and two years after World War I, Manchuria enjoyed a persistently, and on the whole, progressively, favorable balance of trade, averaging about 120 million silver dollars for the years 1920-1929, and reaching the climax of 386,000,000 silver dollars in 1931 due to the good harvest of the year and the fall of the value of silver. However, its favorable balance of trade had turned into an unfavorable one since 1932 with the advent of "Manchukuo." In terms of visible exports and imports, Manchuria had then a larger debit than credit. The rapid growth of Manchuria's external trade can be readily seen from the following Table II:[2]

TABLE II

Value of Manchuria's External Trade, 1908-1935
(In million silver dollars)

	1908	*1928*	*1929*	*1930*	*1931*	*1932*	*1933*	*1934*	*1934 (7 months)*	*1935*
Exports	85	620	621	576	709	592	424	420	249	243
Imports	93	431	477	448	323	297	516	594	318	345
BALANCE	−8	+189	+144	+128	+386	+295	−92	−174	−69	−102
Index Number (1928 = 100)										
Exports	14	100	100	93	114	95	68	68	68	66
Imports	22	100	111	102	75	69	119	138	138	150

[1] R. B. Hall, "The Geography of Manchuria," *The Annals of the American Academy of Political and Social Science* Vol. CLII (November, 1930), pp. 291-292.

[2] A. J. Grajdanzev, "The External Trade of Manchuria, 1928-1935: An Analysis," *Nankai Social & Economic Quarterly*, Vol. VIII, No. 4 (January, 1936), p. 854.

However, the years since 1931 had brought about a decided change in the picture of Manchurian external trade. The reasons were given by A. J. Grajdanzev in his article published in *Nankai Social & Economic Quarterly* of January 1936 as follows:

> . . . The world crisis with its concomitants—the rise of tariff walls and the dislocation of markets—had begun to exert its baleful influence on the Manchurian trade in 1930. The rise of exports in 1931 is somewhat surprising but is to be explained by the comparatively favorable markets for beans and bean products in a year of good harvest and by the fall of the value of silver. The years since 1931 have brought about a decided change both in the composition and in the ratio of Manchuria's export and import trade—a change has synchronized with the great political upheavals effected by the Japanese since the coup of September 18, 1931. From the high watermark of 709,000,000 silver dollars in 1931, the exports have dropped to 420,000,000 silver dollars in 1934 and are still going a downward trend. At the same time, the imports have soared higher and higher to an unprecedented record. If the diminished volume of exports is partly reflection of the general state of the world trade and of the slackened demand of the world market for Manchurian agricultural products, the tremendously increased volume of imports is directly attributable to the peculiar activities of the Japanese as new conquerors of the region. . . .[3]

Manchuria's external trade has developed far faster than that of China as a whole. Within a year after Dairen was opened, Manchuria's trade made up about 12 per cent of the total trade for China as a whole; by 1913, it amounted to 17 per cent; by 1920, about 19 per cent; by 1929, about 21 per cent; and by 1930, over 24 per cent.[4]

One of the chief characteristics of Manchuria's trade

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[3] *Ibid.*, pp. 855-856.

[4] *Third Report on Progress in Manchuria to 1932*, published by the South Manchuria Railway Co., pp. 128-129.

before the Mukden Incident of September 18, 1931 was its phenomenal expansion with China proper in both exports and imports, particularly the latter. During the period 1929-30 Manchuria received about 30 per cent of its total imports from China proper, exported to it over 24 per cent of its total exports, did almost 27 per cent of its entire trade with it. The increase was to be attributed largely to the importation of cotton piece goods and cotton yarn of domestic manufacture.[5] During the decade prior to 1931 Manchuria's total recorded trade with Japan increased by somewhat over one-half, whereas that with China proper almost doubled.[6] The imports from Europe increased from about one-tenth of the total foreign imports in 1913 to one-sixth, or a value of 26.9 million taels, in 1928.[7] The total external trade (excluding Chinese imports) of Manchuria in 1928 was about 443,000,000 silver dollars. The American share of Manchuria's external trade was about 7.5 per cent in 1928 (approximately 33,000,000 silver dollars), including indirect trade not covered by the customs figures.[8]

In the order of their importance, Manchuria's chief customers for 1929 were Japan and Possessions, China proper, Union of Soviet Socialist Republics, the Netherlands and Dutch East Indies, United Kingdom and Possessions, the United States and the Philippines, Germany, Belgium, and Denmark; and its chief suppliers were Japan and Possessions, China proper, United Kingdom and Possessions, the United States and the Philippines, Union

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[5] League of Nations, *Supplementary Documents to the Report of the Commission of Enquiry* (Geneva, 1932), p. 186.

[6] Cf. *Ibid.*, p. 190.

[7] B. Lasker and W. L. Holland (eds.), "The Problems of the Pacific, 1933," *Proceedings of the Fifth Conference of the Institute of Pacific Relations, Banff, Canada, 1933* (Chicago, 1934), p. 433.

[8] C. W. Young, "Economic Factors in Manchurian Diplomacy," *The Annals of the American Academy of Political and Social Science*, Vol. CLII (November, 1930), p. 303.

of Soviet Socialist Republics, Germany, Belgium, the Netherlands and Dutch East Indies, and Denmark. During 1930, the customers remained in the same relative order and the suppliers likewise, save that Belgium and the Netherlands and Possessions changed their relative positions.[9] But although the Union of Soviet Socialist Republics appeared in third place among Manchuria's customers and fifth among its suppliers, it is certain that her importance was overrated. The error resulted from much of the goods transhipped through Vladivostok being recorded as having come from, or being destined for, the Union of Soviet Socialist Republics. Moreover, most of Manchuria's exports to the Union of Soviet Socialist Republics were actually destined for Japan, China proper, Germany, Denmark and other European countries. Imports, which were much smaller than exports, likewise originated in some indeterminable amounts in places other than the Union of Soviet Socialist Republics. American sales in Manchuria were much larger than shown, for many American goods were transhipped to Manchuria via Shanghai and Kobe without their real origin being recorded in the Customs returns. As to Germany as a buyer of Manchuria's goods, the extent of her buying was grossly understated. Much of the goods recorded for export to such countries as Japan, Union of Soviet Socialist Republics, the Netherlands and Egypt were actually destined for Germany, she being one of the largest soya-bean customers in the world. Germany also suffered somewhat from under-statement as a supplier. Many of her exports destined for Manchuria were not shipped directly, so she was not given Customs recognition for them. The trade of all countries not mentioned above accounted in the aggregate for only three to seven per cent of the whole external Manchurian trade during 1929-30.[10]

[9] League of Nations, *op. cit.*, p. 188.

[10] *Vide, ibid.*

The following Tables III and IV throw a light on the trade of chief foreign countries with Manchuria from 1928 to 1930:[11]

TABLE III

Exports from Manchurian Ports by Countries of Destinations, 1928-1930

(In thousands of Haikwan taels)

Exported to	*1928*	*1929*	*1930*
Japan (including Formosa)	122,063	133,699	114,510
Korea	42,496	33,301	39,757
U. S. S. R.	74,985	40,253	50,347
Hongkong	6,667	6,423	6,716
United Kingdom	13,729	21,619	10,339
United States	9,790	12,132	8,671
Germany	1,691	1,388	3,295
France	1,038	1,071	907
Others	47,173	78,686	54,132
TOTAL	319,632	328,572	288,674
China Proper	88,100	93,143	102,282
GRAND TOTAL	407,732	421,715	390,956

TABLE IV

Imports into Manchurian Ports by Countries of Origin, 1928-1930

(In thousands of Haikwan taels)

Imported from	*1928*	*1929*	*1930*
Japan (including Formosa)	109,318	126,510	110,006
Korea	13,570	12,202	10,383
U. S. S. R.	26,548	15,747	15,772
Hongkong	10,950	13,734	12,831
United Kingdom	6,760	9,671	10,484
United States	19,948	25,922	20,775
Germany	8,515	8,534	12,132

[11] *Ibid.*

TABLE IV (*continued*)

France	2,476	1,084	985
Others	15,638	16,618	13,417
TOTAL	213,723	230,022	206,785
China Proper	58,200	99,543	99,550
GRAND TOTAL	271,923	329,565	306,335

Japan was unquestionably Manchuria's best customer and chief supplier, and China proper came to the fore to rival her so closely until the Mukden Incident of September 18, 1931. For a quarter century Japan had dominated the import and export fields in Manchuria. Since 1908 her trade had increased eightfold, as against a fivefold for the United States and Russia. Japan had ninety per cent of the external trade of Manchuria in 1908 and fifty-six per cent in 1927 (Chinese customs figures). In 1927 the ratio of Japan's trade with Manchuria compared with that with all China was 56 to 40.[12] Since the establishment of the puppet state "Manchukuo," Japan's trade with Manchuria had gone onward by leaps and bounds, particularly in the field of Manchurian imports, while the trade of other foreign countries had practically edged out. The Japanese bayonet and sample case had invariably traveled together. Trade followed the flag. One need only read the experience of Korea to appreciate the meaning of Open Door as existing in Manchuria. The following two Tables V and VI will speak the truth from 1928 to 1935:[13]

TABLE V

Distribution of Manchurian Exports according to Destination, 1928-1935 (in percentages)

	1928	*1929*	*1930*	*1931*	*1932*	*1933*	*1934*	*1934 (7 months)*	*1935*
China Proper	21	17	23	30	28	12	15	13	14

[12] *Vide*, Young, *loc. cit.*

[13] Grajdanzev, *op. cit.*, pp. 879-880.

TABLE V (*continued*)

Japan	29	32	30	34	32	41	39	41	43
Korea	9	7	9	5	7	7	10	19	9
Germany	—	—	1	1	12	16	12	11	8
U.S.S.R.	18	10	13	10	6	3	2	3	1
England	3	5	3	4	3	3	4	2	5
U.S.A.	3	3	2	1	1	3	1	1	4
Hongkong	3	2	2	2	1	2	2	1	2
Netherlands	4	7	9	8	1	1	2	2	3
Netherlands Indies	2	2	2	1	1	1	13	14	11
Other countries	10	15	6	4	9	13			
TOTAL	100	100	100	100	100	100	100	100	100

TABLE VI

Distribution of Manchurian Imports according to Origin, 1928-1935 (in percentages)

	1928	*1929*	*1930*	*1931*	*1932*	*1933*	*1934*	*1934 (7 months)*	*1935*
China Proper	21	23	25	27	18	16	10	8	4.5
Japan	37	40	36	40	51	61	65	64	72.0
Korea	2	2	3	3	4	5	4	5	4.0
U.S.S.R.	9	5	5	7	2	2	1	1	——
U.S.A.	7	8	7	6	6	6	6	8	5.0
Hongkong	4	4	4	4	3	2	1	—	——
Germany	3	3	4	2	2	2	2	2	3.0
England	2	3	4	2	2	1	2	2	2.0
Other countries	15	12	12	9	9	5	9	10	9.5
TOTAL	100	100	100	100	100	100	100	100	100.0

In fact, the growth of Chinese industries in China proper resulted till 1931 in a growing trade connection between China proper and Manchuria. Thus, Manchuria's imports from China proper went up from 21 per cent in 1928 to 27 per cent in 1931 and its exports to the latter increased from 21 per cent to 30 per cent. Indeed, the rate of increase was faster than that of the trade between Manchuria and Japan—a fact which the Japanese had watched with considerable misgivings on the eve of their military coup on September 18, 1931. The Japanese

invasion cut the development short. Through the erecting of tariff wall between China proper and lost Provinces and through the systematic monopolization of Manchurian Market the Japanese had succeeded in whittling down China's part in Manchurian trade to a pathetic level. China's exports to her lost Provinces in first seven months of 1935 amounted only to 4.5 per cent. The goods exported were cotton piece goods, cotton yarn, wheat flour, tobacco and cigarettes. Thus to China, the loss of Manchuria was not only a loss of territory and population, but also a loss of a very important market for her young industry. But the tariff was a double-edged sword that cut out both ways. Manchuria had also lost China proper as market for its products. For, under the circumstances, China was obliged to levy duties on goods coming in from her lost Provinces. Thus Manchuria's export to China proper, as the following Table VII shows, had fallen from 213 million silver dollars in 1931 to 66 million silver dollars in 1934 while her import from the latter had decreased from 111 million silver dollars in 1930 to 58 million in 1934. This fall was continuing unabated; while Japan, vice versa as shown in the following Table VIII, had made an astonished steady increase in the trade of both import and export with Manchuria.[14]

TABLE VII

Manchurian Trade with China Proper, 1928-1935
(In million silver dollars)

	1928	*1929*	*1930*	*1931*	*1932*	*1933*	*1934*	*(7 months) 1934*	*1935*
Exports to China Proper	128	112	131	213	168	52	66	36	37
Imports from China Proper	90	110	111	88	54	80	58	25	15
BALANCE	+38	+2	+20	+125	+114	−28	+8	+11	+22

[14] *Ibid.*, p. 882.

TABLE VIII

Manchurian Trade with Japan Proper, 1928-1935
(In million yen; including Kwantung Leased Territory)

	1928	1929	1930	1931	1932	1933	1934	1934 (7 months)	1935 (7 months)
Exports to Japan Proper	212	217	167	132	128	168	191	109	119
Imports from Japan Proper	179	189	122	77	147	303	403	176	206
BALANCE	+33	+28	+45	+55	–19	–135	–212	–67	–87

Imports from Japan increased from 77 million yen in 1931 to 403 million yen in 1934—an increase of more than five times. The data of the first seven months of 1935 show an ever mounting trend. Thus the part played by Japan (excluding Korea) in the total Manchurian imports is something like the following Table IX:[15]

TABLE IX

Part Played by Japan in the Total Manchurian Imports, 1928-1935

1928	1929	1930	1931	1932	1933	1934	1934 (7 months)	1935 (7 months)
37%	40%	36%	40%	54%	61%	65%	64%	72%

Looking at above figures, we come to know that of the total imports to Manchuria the Japanese share in 1930 was 36 per cent, while in the first seven months of 1935 it doubled itself. Japan had almost entirely captured the whole of the Manchurian markets.

The increase of Manchuria's imports since 1931 had been the result of two factors: the investment of Japanese capital largely in the construction of strategic railways and the growth of a special purchasing class, made up

[15] *Ibid.*, pp. 880, 884.

of the Japanese officers and troops, officials, advisers, traders and profiteers. The purchasing power of the Manchurian masses had diminished and imports for their consumption had decreased. Although it is commonly said that Manchuria is necessary to Japan on account of its raw materials, it is of greater importance as an outlet for Japanese manufactures. The following Table X of percentage relations leaves no room for doubt as to which country had profited by the shift in the balance of trade between the two countries:[16]

TABLE X

Part Played by Manchuria (including Kwantung) in the Foreign Trade of Japan Proper, 1928-1935 (in percentages)

	1928	*1929*	*1930*	*1931*	*1932*	*1933*	*1934*	*1934 (7 months)*	*1935*
Japan's Imports from Manchuria	10	10	11	11	9	9	8	9.4	7.0
Japan's Exports to Manchuria	9	9	8	6	10	16	19	17.5	17.6

The cause of this change may be accounted for by the decline of Manchuria's trade with China proper and other powers and the great inflow of capital and goods from Japan, which is considered a natural outcome of what is called the "Japan-Manchukuo economic block."[17]

The distribution of the Manchurian trade among Manchurian ports revealed some interesting points in the following Tables XI and XII:[18]

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[16] *Ibid.*, p. 883.

[17] *Manchuria Month*, a supplement of the *Manchuria Daily News*, Japanese-owned and edited, in English language, Dairen, No. 143 (Sept., 1935), p. 4; No. 147 (Jan., 1936), p. 50.

[18] Grajdanzev, *op. cit.*, pp. 887-888.

TABLE XI

Distribution of Manchurian Exports by Ports, 1928-1935
(In percentages)

	1928	1929	1930	1931	1932	1933	1934	(7 months) 1934	1935
Harbin	20	10	13	10	6	3	1	2.7	1.0
Newchwang	8	8	11	19	15	10	8	6.4	8.7
Dairen	61	71	61	60	68	74	75	74.2	76.9
Antung	11	10	13	10	11	11	10	10.6	8.9
Others	—	1	2	1	—	2	5	6.1	4.5

TABLE XII

Distribution of Manchurian Imports by Ports, 1928-1935
(In percentages)

	1928	1929	1930	1931	1932	1933	1934	(7 months) 1934	1935
Harbin	10	5	5	7	4	2	1	1.0	0.9
Newchwang	16	15	17	14	7	7	5	3.2	3.3
Dairen	57	63	59	65	79	75	76	78.7	78.6
Antung	16	16	15	10	5	12	13	11.8	11.9
Others	1	1	4	4	2	4	5	5.3	5.3

The increase of trade via Dairen since 1931 was not a spontaneous change. Trade handled by the Japanese was organized to a high degree and the control over the freight rates on Manchurian railways was also in Japanese hands. Before 1931, an important role had been played by Harbin, a Russo-Chinese center, and Newchwang (Yinkou), a Chinese port. After 1931, through the manipulation of freight rates and through the closing of the through traffic from Harbin to Vladivostok, the Japanese had succeeded in diverting the course of trade increasing to Dairen. The part played by Harbin had diminished almost to the vanishing point: from 10 per cent to 1 per cent in exports and from 7 to 0.9 per cent in imports. Similarly the part played by Newchwang had diminished from 19 per cent to 8.7 per cent in exports and from 14

per cent to 3.3 per cent in imports. And it is the fact that big Chinese firms in Manchuria were being ruined while the other foreign firms were threatened to withdraw on every moment. The trade was then monopolized by the Japanese. A monopoly system was practically established to control all enterprises at the expense of other foreign interests. What is more, Japan had announced through her mouthpiece of Manchukuo that facilities for industry and commerce were only afforded to nationals of those states which had recognized the puppet state. In one way or another, it was China who stood to suffer most under the new regime, economically as well as territorially. In 1930 her trade with Manchuria was estimated at 201,831,636 tls., showing a fivefold increase in twenty years and ranking next in importance to that of Japan.[19] Since September 18, 1931 the Chinese had been treated as aliens in Manchuria, and their trade had been subject to the same kind of discrimination which had practically killed it under Soviet Russia's auspices in Outer Mongolia.

On the other hand, formerly the railway materials for the lines built by the Chinese were supplied by American, German, British and Belgian firms, which ever were lowest in tendering. After the Mukden Incident the Chinese railways had been taken over by Japanese-owned South Manchuria Railway Company through the hands of "Manchukuo," and the railway materials would be supplied by Japan instead of Europe or America. During the first twenty years of its existence, the South Manchuria Railway had purchased from the United States a very large amount of railway equipment for itself and for the railways it financed for the Chinese in Manchuria. The mining machinery for its collieries at Fushun and for its Anshan Iron and Steel Works had also been purchased there. Later, however, the Japanese was able to supply their own equipment, and steel rails were

[19] Lasker and Holland, *op. cit.*, p. 439.

exported from Japan to Manchuria. As a single customer the South Manchuria Railway was the best for American firms in Manchuria; but if compared with the total purchases of the independent Chinese railways, its purchases were much smaller. Moreover, the South Manchuria Railway was limiting its purchase of railway materials to such specialities as could not be supplied from home.

The important point is that, as long as the Open Door policy prevailed, there would be a definite market for the non-Japanese goods in Manchuria. Any closing of the door in Manchuria must affect the business interests of many European and American countries. It is interesting to read what T. O'Conroy wrote: "I would rather run a business under Chinese civil authority than under Japan."[20]

2. Foreign Investments

Apart from the trade, the foreign investments in Manchuria other than the Japanese and Russian were comparatively small and, in the aggregate, probably did not amount to as much as 5 per cent of the total foreign investments.[21]

The Japanese unquestionably were the largest foreign investors in Manchuria. Their investments consisted chiefly in the South Manchuria Railway and its numerous subsidiaries, and in banks, trading organizations, mines, forests, agricultural projects, numerous factories, public utilities, shipping and forwarding companies, financial and produce exchanges, bean and flour mills, and public and educational institutions. The Japanese likewise had made a number of loans to the Chinese. The bulk of their investment was within the Leased Territory

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[20] T. O'Conroy, *The Menace of Japan* (London: Hurst and Blackett, Ltd., 1933), pp. 248-249.

[21] *Manchuria Year Book* (renamed *Manchukuo Year Book* after 1934; Tokyo: East-Asiatic Economic Investigation Bureau, 1932), p. 272.

and the Railway "Zone." On the eve of Mukden Incident the Japanese claimed a total investment in Manchuria of over 1,700,000,000 yen, inclusive of over 100,000,000 yen in public and private loans to the Chinese Government and Chinese individuals.[22] Its classification is shown in the following Table XIII:[23]

[22] League of Nations, *op. cit.*, p. 207.

[23] *Third Report on Progress in Manchuria to 1932* (published by the South Manchuria Railway Co., 1933), p. 48.

TABLE XIII

Japanese Investments in Manchuria

(March 31st, 1931)

Investors	Items of Investments		Amount (*yen*)
South Manchuria Railway Company	*Direct Undertakings*	Railways	270,230,960
		Railway workshops	6,465,032
		Harbours and wharves	83,200,948
		Coal-mines	117,871,977
		Oil-shale plant	8,824,461
		Ironworks	27,716,716
		Chemical fertilizer manufacturing plant	50,939
		Sanitation	15,842,006
		Education	14,304,671
		Municipal undertakings	146,125,530
		Others	51,435,966
		TOTAL	742,069,206
	Securities of affiliated companies and Public Bonds		93,391,089
	Loans to Chinese Railways and for encouraging industries		69,185,869
	Cash advanced for contract construction of Chinese Railways, deposits, uncollected credits, etc.		158,158,384
	TOTAL		320,735,342
	COMBINED TOTAL		1,062,804,548
Japanese Government's guarantee	Loans to Chinese Government		98,730,823
Japanese corporations	Loans to Chinese Government and individuals		20,282,080
Japanese corporations	Capital Funds invested by corporations		439,003,410
Japanese individuals	Capital Funds invested by individuals		94,991,560
	TOTAL		554,277,050
	GRAND TOTAL		1,715,812,421

Next in importance to the Japanese came the Russian investments. These consisted of the Chinese Eastern Railway (in which the Chinese had certain rights in management and earnings, as well as purchase and reversionary rights); an official Soviet bank (Dalbank) with branches; marketing, buying and service organizations; and a number of small establishments owned by Soviet citizens. The Chinese Eastern Railway was usually apprised at a figure ranging from 400,000,000 roubles to over one billion, but no estimates of any kind are available for the other interests.[24] "White" Russian investment in Manchuria was fairly substantial, but for the most part consisted of numerous small shops and factories, some of which were operated jointly with Chinese. Some few "White" Russians had also been operating big timber, mining and agricultural projects, but usually along with Chinese officials acting either in their public or private capacities.

Among other foreign investments in Manchuria, the British were the most important, the American next, then German and French, and after these, the various minor Scandinavian, Czechoslovak and others.

The British investments were chiefly in the form of a small interest in the Peiping-Mukden Railway (Peiping-Liaoning Railway), and about twenty-five important establishments, among which the branches of two large banks (Hongkong and Shanghai Banking Corporation and Chartered Bank of India, Australia and China), a tobacco company (British-American Tobacco Co.), an oil-distributing organization (Asiatic Petroleum Co.), several large import-export houses and few shipping agencies were the most important. Later, the British also owned a substantial amount of securities in Japanese enterprises in Manchuria.

The American investments in Manchuria were es-

[24] League of Nations, *op. cit.*, p. 207.

timated at about four and one-half million gold dollars.[25] These were centered largely around Harbin, the investments around Dairen and Mukden aggregating only about one-third of the total. The chief American organizations in Manchuria were two large oil companies (Standard-Vacuum Oil Co. and Texas Oil Co.), several branches of a large bank (National City Bank of New York), automobile and machinery distributors, a large agricultural equipment concern, a few import-export houses, and insurance and shipping agencies.

German interests in Manchuria were comparatively slight, and consisted only of a dozen or so firms. Like the Americans, the Germans did most of their business in the North Manchuria. The more important organizations were two large importers of technical and electrical equipment and a variety of German manufactures, one exporter of Manchurian staples, some shipping, insurance and brokerage agencies, and an engineering firm.

French interests also were slight and were likewise found chiefly in the North Manchuria. They consisted of several import-export firms, an engineering firm, branches of a savings society, a telephone company, and several smaller organizations. The exporters dealt largely in Manchurian staples, notably soya bean and its derivatives, and the importers in liquors, perfumes, drugs, machinery and technical equipment, and other French specialities.

The Swedish investments consisted of match factories located at Kirin, Changchun and Mukden. With the exception of one of the factories, these were registered as Japanese firms and were in charge of Japanese managers, but were controlled by Swedish interests.

The Danish and Norwegian interests consisted chiefly of import-export firms handling a small amount of machinery and a very substantial amount of soya bean and its derivatives.

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[25] *Ibid.*, p. 205.

The Czechoslovak investments in Manchuria were relatively trifling and consisted essentially of one large importing firm which specialized in machinery ranging all the way from arsenal equipment to locomotives, cranes and aeroplanes. Czechoslovaks likewise owned a few small breweries, alcohol distilleries and shops. Most of the Czechoslovak investments were in the form of unliquidated credits granted to Chinese railways, transport societies and private persons. The total Czechoslovak investments were estimated at 1,300,000 U. S. dollars of which 750,000 consisted of outstanding accounts.

Polish, Italian, Latvian, Lithuanian, Estonian and Dutch investments were likewise to be found in Manchuria (chiefly in the north), but they were so comparatively insignificant as not to warrant consideration here.

According to the *Manchuria Year Book, 1932-1933* edited and published by the East-Asiatic Economic Investigation Bureau, Tokyo, the investments of various foreign countries other than Japan in Manchuria and the foreign investments in Manchuria were as follows in Tables XIV and XV:[26]

[26] These figures can be accepted only with the greatest reserve, as the statistical data concerning foreign investments (other than Japanese) are unreliable and inadequate.

TABLE XIV

Investments of Various Foreign Countries other than Japan in Manchuria, 1928
(In thousands of Yen)

	U. S. S. R.	*Great Britain*	*U. S. A.*	*France*	*Sweden & Denmark*	*Total*
Railways	397,663	16,500	——	14,276	——	428,439
Forestry	4,500	——	——	——	——	4,500
Mining	15,000	——	——	250	——	15,250
Fishery	200	——	——	——	——	200
Manufactures	5,250	2,500	2,500	5,000	250	15,500
Commerce	19,500	10,870	10,700	60	607	41,737
Banking	7,902	7,000	8,500	——	——	23,402
Miscellaneous	15,000	2,720	4,700	1,500	150	24,070
TOTAL	465,015	39,590	26,400	21,086	1,007	553,098

TABLE XV

Foreign Investments in Manchuria, 1930
(In thousands of Yen)

		Per Cent
Japan	1,616,966	70.45
Soviet Union	590,000	25.71
Great Britain	39,590	1.73
U. S. A.	26,400	1.15
France	21,086	0.92
Sweden & Denmark	1,007	0.04
TOTAL	2,295,049	100.00

Since the advent of "Manchukuo," the foreign countries other than Japan had gradually withdrawn their interests instead of having encouraged.[27] On the other hand, Japan made heavy investments in Manchuria which had become her possession. Below is given a Table XVI showing figures of Japanese capital investments in Manchuria since the establishment of "Manchukuo" according to a memorandum submitted in 1935 by Japan's Ministry of Finance to the Budget Committee of the House of Representatives:[28]

TABLE XVI

Japanese Capital Investments in Manchuria Since the Establishment of Manchukuo

1932	*1933*	*1934*	*Total*
Y 119,000,000	Y 118,000,000	Y 244,000,000	Y 481,000,000

In 1936 the Ministry of Finance of the Manchukuo Government conducted an investigation into the condition of foreign enterprises in Manchuria, which revealed that nearly all of them were "hard up," being practically on the verge of liquidation. The withdrawal of the foreign (other than Japanese) capital may be seen from the following comparative figures in Table XVII showing the investments as they stood, respectively, at the ends of 1930 and 1935:[29]

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[27] Cf. *post*, Chapter VI, "The Open Door in Manchukuo."

[28] "Commercial Supplement," *The Japan Weekly Chronicle* (a weekly edition of the *Japan Chronicle*, British daily, Kobe, Japan), News Series, No. 1,728 (February 14, 1935), p. 71.

[29] *The China Weekly Review* (*Millard's Review*), Vol. LXXVII, No. 2 (June 13, 1936), p. 60. An American weekly published at Shanghai.

TABLE XVII

Investments of Foreign Countries (excluding Japan) in Manchuria, 1930 and 1935

	On Jan. 1, 1931	*On Jan. 1, 1936*
U. S. S. R.	Y 590,000,000	Y 8,332,000
Great Britain	330,000,000	18,019,000
U. S. A.	26,000,000	9,290,000
France	22,000,000	2,730,000
Sweden & Denmark	1,200,000	3,105,000
TOTAL	Y 672,200,000	Y 41,476,000

Although the foreign (other than Japanese) interests, as figures went, were comparatively small, they had a bigger significance than the amount would indicate. Their withdrawal means the Open Door written off.

3. "Special Interests" and "Japanese Monroe Doctrine"

Immediately after the Russo-Japanese War, Japan claimed to the teeth to possess "special rights" or "special interests" for herself in Manchuria. Meanwhile she tried every means to obtain from Russia, France, Great Britain and the United States an international recognition of her "special interests" in Manchuria which would be derogatory to the Open Door Doctrine, but her efforts did not meet with permanent success. It was not until the Washington Conference that Japan seemed to have formally abrogated any claim to an interest which would impair the sovereignty, the independence and the territorial and administrative integrity of China, and also defy equal opportunity for the commerce and industry of all nations throughout the territory of China.

With regard to Japan's claim to a "special position" in Manchuria, the Lytton Report says that "the Japanese use of this expression in diplomatic language should be obscure," and that "other states should have

found it difficult, if not impossible, to recognize it by international instruments." The Report states further that Japan's claim to "special position" in Manchuria had conflicted

> . . . with the sovereign rights of China, and is irreconcilable with the aspirations of the Nanking Government, which seeks to curtail exceptional rights and privileges of foreign States throughout China and to prevent their further extension in the future.[30]

In the Lytton Report it is further stated:

> The Japanese Government since the Russo-Japanese War has at various times sought to obtain from Russia, France, the United Kingdom and the United States of America recognition of their country's "special position," "special influence and interest," or "paramount interest" in Manchuria. These efforts have only met with partial success, and, where recognition of such claims has been accorded, in more or less definite terms, the international agreements or understandings containing them have largely disappeared with the passage of time, either by formal abrogatoin or otherwise—as for example: the Russo-Japanese secret Conventions of 1907, 1910, 1912 and 1916, made with the former Tsarist Government of Russia; the Anglo-Japanese Conventions of Alliance, Guarantee and Declaration of Policies; and the Lansing-Ishii Exchange of Notes of 1917. The signatories of the Nine-Power Treaty of the Washington Conference of February 6th, 1922, by agreeing "to respect the sovereignty, the independence, and the territorial and administrative integrity" of China, and to maintain "equality of opportunity in China for the trade and industry of all nations," by refraining from taking advantage of conditions in China "in order to seek special rights or privileges" there, and by providing "the fullest and most unembarrassed opportunity to China to develop and maintain for herself an effective and stable government," challenged to a large extent the claims of any sig-

[30] League of Nations, *Report of the Commission of Enquiry* (Geneva, 1932), pp. 39-40. For Japan's "special position" in Manchuria, cf. *infra*, Chap. VII.

natory State to a "special position" or to "special rights and interests" in any part of China, including Manchuria.[31]

In addition to her claim of preferential and exclusive rights or special interests in Manchuria despite the Open Door Doctrine, Japan had gone farther and claimed a "Japanese Monroe Doctrine," a false and pernicious Prussian doctrine, over the Far East—to dictate the political policies of China in particular and of all the other Asiatic Powers in general under the statement that it was her obligation to preserve the peace in the Far East and that it was within her judgment to determine under what conditions this peace might be maintained. Japan claimed that it was for herself to decide upon the future of Manchuria, and that no interference with her decisions would be tolerated. In a word, Japan was historically to oppose any action of other powers which attempted to aid China in her great task of developing unity and strength.

The phrase, "Japanese Monroe Doctrine," was first used in Japan shortly after the close of the Russo-Japanese War, but it was emphasized whenever the Japanese carried on an aggressive foreign policy. Since the military coup of September 18, 1931 there had been increased insistence upon it. On the other hand, there is a fundamental difference between the original American Monroe Doctrine and what the Japanese described as their "Asiatic Monroe Doctrine." While the American policy under the Monroe Doctrine had been to give South American republics the fullest possible opportunity for self-development without interference by European nations, the Japanese doctrine, as indicated by her activities since 1931, had had an exactly opposite effect. The Japanese conception of the Monroe Doctrine was to exclude competitors while providing for her own exclusive exploitation

[31] *Ibid.*

of the Asiatic nations for her own self-aggrandisement in contradiction to the Open Door Doctrine. Early in the Twenty-One Demands forced upon China in 1915 Japan had made evident her desire to put China under her suzerain control. Later, in the Washington Conference of 1921-1922, Japan seemed to have abandoned this ambition. However, this ambition still existed and influenced the national policies of Japan. Immediately following the resumption of diplomatic relations between the U. S. A. and the U. S. S. R. on Nov. 17, 1933 Japan opposed to abolish the puppet state of Manchukuo, providing that China would be willing to enter into a military and economic alliance with Japan somewhat along the lines of Japan-Manchukuo protocol signed on September 15, 1932. Under the terms of this protocol Japan was granted the sole right of internal and external military defense of the puppet state. Secret clauses attached to the protocol granted to Japan or Japanese interests monopolistic control of practically all Manchurian railways, electrical communications, minerals and mining enterprises and essential industries.

Immediately after an investigation in China made early in the year of 1934 by Dr. Rajchman the head of the League's staff of experts on the attempt of offering a technical assistance of the League to China, Japan declared the so-called "Hands Off China" Statement (otherwise the Amau Declaration) on April 17, the same year which claimed for Japan the right to act single-handed in the maintenance of peace and order in China in particular and in East Asia in general.[32] This statement which had alarmed the whole world was another effort made by Japan to apply her Monroe Doctrine in China, and, at the same time, had practically tolled a death-knell of

[32]The "Hands Off China" Statement was declared by Eiji Amau, the spokesman of Japanese Foreign Office. For the full text of the Statement, see *New York Times*, April 21, 1934; W. W. Willoughby, *The Sino-Japanese Controversy and the League of Nations* (Baltimore: The Johns Hopkins Press, 1935), pp. 628-629. (See Appendix J.)

the Nine-Power Treaty and the Open Door Doctrine.[33] In this connection, Mr. G. H. Blakeslee commented:

> . . . The fact, however, that this technical reconstruction throughout China is under the supervision of the League of Nations and not of individual states is a practical guarantee that it will not endanger Chinese integrity and will not lead to the creation of spheres. The work is political only in the sense that it will help to make China a stronger and more united country and, further, that it will be carried out by the League rather than by Japan.[34]

In the course of an interview given to the *Washington Star* of April 22, 1934, the Japanese Ambassador to the United States, Hirosi Saito, said,

> . . . All that Japan demands is to be consulted before any important transactions between the Chinese Government and foreign interests are concluded. . . . Should foreign business overlook this respect, the responsibility will fall on the Chinese Government for having overlooked our warnings.[35]

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[33] In view of Japan's exceptional claims by the "Hands Off China" Statement, the United States, Great Britain and France all expressed dissent from the position taken by the Japanese Government. The United States presented a formal statement of its views to the Japanese Minister for Foreign Affairs on April 29, which said: "In the opinion of the American people and the American Government, no nation can, without the assent of the other nations concerned, rightfully endeavor to make exclusive its will in situations where there are involved the rights, the obligations, and the legitimate interests of other sovereign states." The British Ambassador informed the Japanese Minister for Foreign Affairs on April 25—as reported by Sir John Simon in the House of Commons—"that the principle of equal rights in China was guaranteed very explicitly by the Nine-Power Treaty of 1922, to which Japan was a party . . . that the British Government cannot admit the right of Japan alone to decide whether any particular action, such as the provision of technical and financial assistance, promotes" a danger to the peace and integrity of China. The French Government took action similar to that of the United States and Great Britain, expressing much the same views in a memorandum handed to the Japanese Ambassador in Paris.—George H. Blakeslee, *Conflicts of Policy in the Far East* (New York: Foreign Policy Association, and London: World Peace Foundation, 1934), pp. 23-24.

[34] George H. Blakeslee, *Conflicts of Policy in the Far East* (New York: Foreign Policy Association, and London: World Peace Foundation, 1934), p. 28.

[35] Cited by Willoughby, *op. cit.*, p. 630.

In reality, the "Hands Off China" Statement of Japan is nothing less than a declaration that, henceforth, China was a vassal State to Japan and Japan the authoritative interpreter of all the treaties concerning China, resulting in closing the door on foreign trade in China and repudiating all the treaties concerning China including the Nine-Power Treaty of 1922. The very same "Hands Off China" policy was later practically directed against the economic investigations of Sir Frederick Leith-Ross, an economic adviser of British Government, in China in 1935-36. Japan had historically managed to carry out her ambitious blueprint of aggression and conquest, such as seizing Korea and Shantung, imposing the notorious Twenty-One Demands upon China, conquering Manchuria and Jehol, and invading North China. Not satisfied with this, she wished to swallow the whole China, fabricating the Marco Polo Bridge Incident and staging an eight-year long Sino-Japanese bloody War.

In the legal viewpoints, the Japanese Monroe Doctrine gave Japan no ground for claiming special or preferential commercial or industrial interests in China or elsewhere, and still less did it furnish justification to her for asserting political rights or influence in Asia. Least of all, did it warrant her, even for purposes of urgent national protection, in forcibly annexing, or otherwise gaining administrative and political control over, territory belonging to another sovereign State. Under the Monroe Doctrine, as well as according to accepted principles of international law, a nation is justified in objecting to the establishment in its neighborhood of foreign political influences that will endanger its own national safety, but no nation has an ethical or international juristic right to prevent another nation from developing its economic or political or even its military power, or to protest against its doing so upon the ground that the nation in question may become so strong as to be a danger to itself. Japan, if sincerely wishing to do China

good, should have replaced her wolf-in-sheep's-clothing policy with a friendly one as S. K. Hornbeck wrote to the following effect:

> If Japan wishes to convince the Chinese and the world that her presence and her activities on the mainland are for the good of the world, that she is seeking to promote the welfare of the Chinese along with her own interests, and that she is sincerely concerned with the problem of establishing and maintaining the peace of the Far East, it will be necessary not only that she continue her course of excellent, material, constructive effort, but that she put a check upon various practices which are unfair to the subjects of other nations, put an end to various abuses which have so far characterized her diplomatic and political dealings with China, and demonstrate in her treatment of the Chinese, by a policy of cooperation and helpfulness, that she is disposed to be and is capable of becoming a moral as well as a material benefactor.[36]

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[36] S. K. Hornbeck, *Contemporary Politics in the Far East* (New York and London: D. Appleton and Company, 1916), p. 281.

CHAPTER VI

THE OPEN DOOR IN "MANCHUKUO"*

WHILE Japan through special privileges had virtually closed the door in South Manchuria long before the Mukden Incident, her action along this line had become infinitely more pronounced since she gained complete occupation of whole Manchuria. Occupation of Manchuria by Japan spelled the end of any hope for development of foreign powers' trade in that market other than Japan's.

The celebrated "Open Door" doctrine enunciated by John Hay in 1899 had acquired a new meaning under Japanese interpretation. The "Door" in Manchuria was being kept "open" more as an exit than as an entrance for foreigners whose former trade in Manchuria was practically ruined under Japanese military and economic domination. Before its occupation by Japanese, Manchuria had been a center of international trade. But since September 18, 1931, it had become a cradle of Japanese monopolies. Japan had exerted herself to employ so many ways of circumventing the Open Door that the efficacy of its application was entirely lost. The very history of international trade in Korea since Japan came into control of that unfortunate country tells another story—Japan later absorbed all of it. The Joint Economic Commission Agreement signed between Japan and Manchukuo on July 15, 1935 had provided that Manchukuo government should take no measures regarding the

*Here the Open Door is used in a strict and narrow sense referring only to the principle of equal opportunity, not to both its two principles, the other of which is the Chinese territorial and administrative integrity.

economic matters without the consent of Japan-Manchukuo Joint Economic Commission,[1] which corresponded to the stipulations of the Japanese-Korean Treaty of August 22, 1904 that the Korean Government "shall consult the Japanese Government previous to concluding Treaties or Conventions with foreign Powers, and in dealing with other important diplomatic affairs such as granting of concessions to or contracts with foreigners."[2]

Japan's pledge to keep Manchuria's door open was rapidly becoming a legend. The principle of the Open Door, Japan claimed, was honourably observed in Manchukuo, but there was a great gap between principle and practice. Not only were industries financed by Japanese capital, many of them of a monopolistic character, sprouting like mushrooms in Manchukuo, but positive steps were taken to make the new "State" a closed shop by elbowing the other foreigners out of business. Although Manchukuo government under the instruction of Japan had repeatedly made her pledge as stated in the Proclamation on the Establishment of Manchukuo on March 1, 1932, and in the Communication to foreign powers on March 12, 1932 that the principle of the Open Door would be sincerely observed and foreign capital would be welcomed and that all foreign treaties which had applied to Manchuria before September 18, 1931 would be faithfully discharged,[3] there was not any least indication to allow foreign capital other than Japanese invested in the development of the country. Thus, there often drew forth among the foreign community in Manchuria a crucial comment upon Japan's exclusive economic activities in Manchuria. When Mr. Yosuke Matsuoka and other Japanese propagandists announced to the world that "Open

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[1] For the full text of the Agreement, see *Manchuria Daily News* (Japanese-edited English paper, Dairen), July 15, 1935, pp. 1-2. (See Appendix K.)

[2] *Korea, Treaties and Agreements* (Washington: Carnegie Endowment for International Peace, 1921), p. 37.

[3] For the two documents, see *Publications of the Department of Foreign Affairs, Manchukuo Government*, Series No. 1. (See Appendices G, H.)

Door" was still maintained in Manchuria, they provoked an American consular official to remark that there were so many Japanese standing in the Open Door that no one else could enter. Another American official added that the "Open Door" was being maintained by the Japanese in order to permit business men of other nationalities to get out of the "Paradise." [4] Indeed, the "Open Door" had disappeared in this part of Asia.

1. Monopoly System

In the economic sphere Japan had desperately driven to fashion the new State's economy so that it would enhance Japan's military strength and complement her industrial requirements. To carry out her economic program, Japan first in the spring of 1933 forced the Manchukuo government to bring forth in her favor a monopoly system in every line of the Manchurian commercial and industrial enterprises, and secondly in the summer of 1935 concluded a Joint Economic Commission Agreement with Manchukuo with a view to seizing economic sovereignty from Manchukuo.

This will be the case more undisputable by a study of the membership of the Japan-Manchukuo Joint Economic Commission. It consisted of the Japanese chief officials then exercising authority in Manchukuo. The Kwantung army was represented by Lieut. Gen. Nishio and its economic adviser; the Japanese Embassy by its counselor; and the Kwantung Government by the chief of the Home Affairs Bureau. The Manchukuoan representatives were the Japanese chairman of the General Affairs Board and the Manchukuoan Ministers of Finance, Foreign Affairs and Industry. The Commission's duties included "supervision of the management of the special companies set up as Japanese-Manchukuo joint enter-

[4] See author's "Japanese Maintain 'Open Door' in Manchuria for Foreigners to Get Out," under the pen name of Shen Hsueh-Chuan, *The China Weekly Review* (*Millard's Review*), Vol. LXVII, No. 1 (Dec. 2, 1933), p. 28. American paper, Shanghai.

prises." It is under this Joint Economic Commission Agreement that Japan had seized and monopolized all enterprises in Manchuria in the nice name of "joint operation," with the result that the Open Door in Manchuria was practically slammed to foreign countries other than Japan.

2. Oil Monopoly

One of the Manchukuo monopolies which elicited a most bitter controversy between Japan and the other interested powers was the oil monopoly. Early in the establishment of Manchukuo, the other interested powers had cherished a promise to benefit in the new-fledged country under the principle of equal opportunity, inasmuch as Japanese military operations and road construction in Manchukuo had created a demand for oil which neither Japan nor Manchukuo could supply. British, American, and Dutch oil-importing firms, established in the latter country and protected by their treaty rights, hoped to benefit by these activities. Their hopes, however, were disappointed.[5] In spite of the repeated assurances made to observe the principle of Open Door both by Manchukuo and Japan, a state oil monopoly was finally set up. The oil monopoly law became effective on April 10, 1935.[6] The Manchukuo government proposed to take over the storage and marketing equipment of the foreign oil companies at its own valuation, and thus the foreign companies faced not only the loss of their retail business, but the expropriation of part of their property and the increasing competition from a government-fostered refinery.[7] In addition, a quota basis

[5] *London Times*, Feb. 20, 1935, p. 15.

[6] For the full text of the Manchukuo Oil Monopoly Law, see *The Japan Weekly Chronicle*, News Series, No. 1,716 (Nov. 22, 1934), p. 701. Weekly edition of the *Japan Chronicle*, a British daily, Kobe, Japan.

[7] An all-around reduction of oil prices had been effected in Manchukuo as the result of the enforcement of the monopoly system since April 10, 1935. In 1935, there was a reduction of about 20 per cent in the price of oil in Mukden and Hsinking

was arranged, thereby the foreign oil companies faced a limited wholesale. As to the proportions, the Standard-Vacuum Oil Company held 35 per cent of the oil imported into Manchuria, the Texas Oil Company 20 per cent, the Asiatic Petroleum Company 25 per cent, the Soviet Union Petroleum Trust 10 per cent, and the Ogura and Nippon Petroleum Companies 10 per cent. Netherlands oil interests were also affected to some extent by the new arrangement.[8]

The first step towards the realization of the oil monopoly was the establishment of a Manchuria Petroleum Company, a Japan-Manchukuo Joint Oil Co., on Feb. 21, 1935 with its main office in Hsinking (Changchun). The Company was given a full monopoly of the sale of both crude and refined oil. It was operating refineries at Dairen and in connection with the oil extraction plant at Fushun. As to the real nature of this Company, the *Manchuria Month* of June, 1935, a monthly supplement of Japanese-owned and operated *Manchuria Daily News* (in English language) at Dairen, had done nothing left:

> The first step towards attainment of this desirable goal (to place the country on a self-supporting and self-sufficient basis) was the formation of a joint Manchukuo-Japanese concern incorporated under the laws of Manchukuo.
>
> This company which has its main office in Hsinking recently established an oil refinery at Kaibioton, near Dairen. Its objects are production, refining and sale of petroleum products and to engage in enterprises ordered by or entrusted to it by the Manchukuo government and other affiliated enterprises.
>
> It is capitalized at 5,000,000 yen, the capital stock

(Changchun) sale zone and from 40 to 50 per cent in Harbin and Tsitsihar sale zone. For the source, see *Manchuria Month*, a supplement of the *Manchuria Daily News*, Japanese-edited, in English, Dairen, No. 140 (June, 1935), p. 10.

[8] *North-China Herald* (weekly edition of the *North China Daily News*, British-edited, Shanghai), Vol. CXCIII, No. 3514 (Dec. 12, 1934), p. 409; *The United States in World Affairs, 1934-5* (published annually by the Council on Foreign Relations, New York), pp. 156-157.

> **being 100,000 shares at 50 yen per share. The first installment calls for a payment of 25 yen per share or a total of 2,500,000 yen, the balance to be paid up gradually with the progress and development of the company's oil refinery and other affiliated enterprises.**
>
> **Of the total capital, the Manchukuo government has subscribed 1,000,000 yen, the South Manchuria Railway Company 2,000,000 yen, and the Nippon Oil, Ogura Oil and the Mitsui and Mitsubishi interests 500,000 yen each.**
>
> **Abiding by the Manchukuo state oil monopoly law and conforming to the plan for placing oils in Manchukuo on a self-supporting and self-sufficient basis, the company is permitted to engage in oil refining and supply the refined oil products to the Manchukuo government.**
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> **At the same time acting under the orders of the Manchukuo government, it is allowed to make test bores for oil, also conduct operations for the development of the oil industry in the country.[9]**

The foregoing quotation reveals that one-fifth of the Manchuria Petroleum Company's capital was reserved for the Manchukuo government, two-fifths were allotted to private Japanese interests, and two-fifths to the South Manchuria Railway Company; thus four-fifths of the whole stock were held by the Japanese. When foreign oil companies in Manchuria made inquiries, with a view to possible participation in the share ownership, they were informed that the entire capital had been fully subscribed.[10] This had made the Company Japanese, the foreign companies claimed, so that to give it this monopoly would be in effect to place control of all oil sales in Manchuria in Japanese hands to the exclusion of other non-Japanese interests.

Therefore, the American, British and Netherlands Governments filed with Tokyo repeated protests against this policy. In going directly to Tokyo they had made it clear that they continued to look on Manchukuo not

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[9] *Manchuria Month*, No. 140 (June, 1935), pp. 9-10.

[10] *The United States in the World Affairs, 1934-5*, p. 156.

as an independent State but as a Japanese creation. They insisted that (1) the monopoly was a violation of the pledge voluntarily given by the Manchukuo Government that it would observe the treaty obligations of China, which precluding the granting of monopolies of any kind; and (2) the fact that 80 per cent of the capital of the Manchuria Petroleum Company which held the monopoly was Japanese, while the Company's largest shareholder was the South Manchuria Railway Company, was held to be a breach of Article 3 of the Nine-Power Treaty of Washington, under which Japan had pledged herself not to seek exclusive privileges for her nationals.[11]

To throw more light on the arguments we have to make a study of the documents and treaties concerned. Article 4 of the Proclamation on the Establishment of Manchukuo issued on March 1, 1932 reads as follows:

> The foreign policy of the new State shall be to seek and further promote cordial relations with foreign powers by winning their confidence and respect, and to observe strictly international conventions. Financial obligations incurred within the territory of Manchuria by treaty stipulations with various countries prior to the establishment of the new State shall be met according to the usual international conventions. Foreign investments by any nation shall be welcomed for the furtherance of trade and the exploitation of natural resources, thus bringing the principles of the Open Door and Equal Opportunity and the like to a fuller realization.[12]

In the Note communicated on March 12, 1932 to foreign countries the Manchukuo Government had pledged herself to observe the following:

> 3. That the Government shall succeed to those liable obligations, due to the Republic of China by virtue

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[11] *London Times*, Nov. 29, 1934, p. 13, col. 5.

[12] *Publications of the Department of Foreign Affairs, Manchukuo Government*, Series No. 1, p. 3. (See Appendix G.)

of treaty stipulations with foreign countries, in the light of the international laws and conventions and that these obligations shall be faithfully discharged.

4. That the Government shall not infringe upon the acquired rights of the peoples of foreign countries within the limits of the State of Manchuria, and further that their persons and properties shall be given full protection.
5. That the Government welcome the entry of the peoples of foreign nations and their residence in Manchuria and that all races shall be accorded an equal and equitable treatment.
6. That trade and commerce with foreign countries shall be facilitated so as to contribute to the development of world economy.
7. That with regard to the economic activities of the people of foreign nations within the State of Manchuria the principle of the Open Door shall be observed.[13]

As to Article III of the Nine-Power Treaty signed at Washington on Feb. 6, 1922, in which "the contracting powers, other than China, agree that they will not seek, nor support their respective nationals in seeking":

(a) Any arrangement which might purport to establish in favor of their interests any general superiority of rights with respect to commercial or economic development in any designated region of China.

(b) Any such monopoly or preference as would deprive the nationals of any other power of the right of undertaking any legitimate trade or industry in China, or of participating with the Chinese Government, or with any local authority in any category of public enterprise, or which by reason of its scope, duration, or geographical extent is calculated to frustrate the practical application of the principle of equal opportunity.[14]

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[13] *Ibid.*, p. 7. (See Appendix H.)

[14] For the text of the Treaty, see *Conference on the Limitation of Armament* (Washington: Government Printing Office, 1922), pp. 1621-1629.

In the face of the repeated protests from the American, British and Netherlands Governments, the Tokyo Government at first took the position that the Nine-Power Treaty was applied to China, of which Manchukuo no longer formed a part;[15] and disclaimed all responsibilities in the oil issue, declaring that it was a matter of purely domestic concern to Manchukuo and the complaints should be taken directly to the Manchukuo Government.[16] But the Tokyo Government asserted that it had learned from the Manchukuo authorities that there had been no discrimination against other nationals and that it was merely an accident that the Japanese shareholders held the majority of the stock of the Manchuria Petroleum Company.[17] However, as 80 per cent of the capital of the Manchuria Petroleum Company (i. e. Japan-Manchukuo Joint Oil Company) had been provided for by Japanese private and government sources, it could not be contended that the Japanese Government had no interest or concern in the oil monopoly. Moreover, as Vice Director Nomba of the Manchukuo Oil Monopoly Bureau declared on Nov. 28, 1934, the South Manchuria Railway "Zone" was also affected by the oil monopoly with the only exception of Japan's Kwantung leased territory still open to foreign oil business.[18] Of course, undoubtedly, there would have been no such an inclusion if without Japan's consent. Thus Japan's assertion that she had no connection with the monopoly would be no longer tenable.

Then, upon the joint protests of the United States and Great Britain against the Japanese-created oil monopoly in Manchuria, the Japanese Government became more unyielding and eventually held the position that Man-

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[15] *London Times*, Oct. 27, 1934, p. 12, col. 2.

[16] *New York Times*, Nov. 14, 1934, p. 3, col. 3; Grover Clark, "Will Japan Close the Open Door?" *Current History*, monthly, New York, Dec., 1934, p. 381.

[17] *The United States in World Affairs 1934-5*, p. 157.

[18] *New York Times*, Nov. 29, 1934, p. 47, col. 5.

chukuo's promise to maintain the Open Door could not now be invoked because the recognition Manchukuo had sought was not granted.[19] But, as a matter of fact, by a close study, those Manchukuo's declarations of adherence to the Open Door principle were not made conditional on recognition.[20] Observers expressed the belief that Japan had to use the Open Door principle as a bait to secure political recognition. An editorial view of the *Milwaukee Journal,* reprinted in the *New York Times* of Dec. 9, 1934, held that,

> Now of course Japan knows and the world knows that Manchukuo is not independent. It was created by Japanese arms and its Emperor is now upheld by Japanese arms. Yet Japan asks the world to believe that Henry Pu Yi, the puppet king, is a free agent and can do what he pleases, even while Japanese soldiers stand guard at his court. How are you to negotiate with a nation which plays at "make believe" like this and call it reality?

In an editorial comment on Japanese evasive attitude of disclaiming any responsibility in the Manchukuo's oil monopoly, the *New York Times* on Nov. 6, 1934 ironically stated, "The proper place for the American and British protests to be addressed is Nanking, not Tokyo." It is undoubtedly that the Manchukuo oil monopoly had given one country, Japan, monopolistic privileges from which others were excluded. If the Oil Company were strictly Manchukuoan, and if Manchukuo were a fully independent State, the foreign oil companies might grumble but neither they nor their governments could reasonably raise the Open Door issue, since, after all, the Open Door means simply that all foreigners shall be treated alike, not that foreigners necessarily shall have the same rights as nationals of the country itself.

Apart from its strictly trading aspects, the oil monop-

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[19] *Ibid.*, Nov. 5, 1934, p. 1, col. 6.

[20] *Ibid.*, Mar. 29, 1935, p. 5, col. 2.

oly move in Manchuria appeared to be part of the program of the Japanese army and navy to make certain of having adequate supplies in case of war. Added to the Manchukuoan oil issue was the Japanese internal oil controversy. Japan enacted an oil law on March 27, 1934.[21] The main object of this law was the accumulation of vast reserves of crude oil and the encouragement of oil refining in Japan in the interests of the Japanese Government, but at the expense of the foreign oil companies. The foreign interested powers had regarded the oil law as placing an unfair burden on foreign companies who had to cost considerable capital expense to keep at least six months' supply on hand all the time as provided by the Oil Law, and the Japanese Government might take over these stocks at any times, paying for them such prices as it chose, thereby the companies were to be deprived of security of markets. However, it is not maintained that any breach of treaty was involved, but the treatment of the foreign companies was considered to be unjust and not in accordance with international usages.

Before the application of oil monopoly law the foreign powers other than Japan had a dominant influence in the oil fields of Manchuria. But by the enforcement of the oil monopoly law they had been affected to an unutterable extent.

3. Oil Discrimination

Until the enforcement of the oil monopoly law the oil field of Manchuria had been dominated by Great Britain, the United States and Netherlands. Kerosene was the major petroleum product sold by them in Manchuria. But with the enforcement of the new customs tariff of Manchukuo from July 23, 1933, Japanese kerosene had enjoyed a preferential duty as "light oil" in defiance of the Open Door principle stipulated in Article III of the

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[21] For the text of Japanese Oil Law, see *London Times*, Oct. 30, 1934, p. 14, col. 6.

Nine-Power Treaty of 1922 under which Japan had pledged herself not to seek exclusive and preferential privileges for her nationals.[22] Under the Manchukuo's new customs tariff of 1933, the Japanese kerosene imported was classified as "light oil," subject to a duty of 5 cents a gallon, while non-Japanese imports were classed as kerosene and paid a duty of 29 cents.[23] This so-called Japanese "light oil" was distributed throughout the interior of Manchuria in unlabeled tins, but nicely printed labels marked "kerosene" were mailed to dealers. Pasting them on the tins was a simple business.[24] Once, the Standard-Vacuum Oil Company imported a trial shipment of light oil, but the Manchukuo customs officials classified it as kerosene and charged a kerosene duty.[25] This discriminatory customs treatment in favor of the Japanese kerosene elicited a bitter complaint from the non-Japanese foreign companies, which submitted strong protests to the Manchukuo Government, but no change was brought about in the Manchukuo's customs policy.

Facing such an unfavorable sale situation, American concerns on November 13, 1934 were forced to have a reduction of the price of kerosene by five cents per gallon, but they were selling at a slight loss. Japanese importers were still underselling the foreigners because their kerosene was of a lower grade.[26] On the other hand, Japanese kerosene imports had a steady increase under favorable conditions. The average yearly consumption of kerosene in Manchuria in 1933 was approximately 1,500,000 cases. The sale of the Japanese products increased from 3 per cent of the total during 1931 to approximately 30 per cent

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[22] For the text of the Treaty, see *Conference on the Limitation of Armament*, pp. 1621-1629.

[23] *London Times*, Nov. 8, 1934, p. 13, col. 7.

[24] Edgar Snow, "How Manchuria is Being Converted Into a Japanese Colony," *The China Weekly Review*, Vol. LXVIII, No. 9 (April 28, 1934), p. 336, and No. 10 (May 5, 1934), p. 370.

[25] *New York Times*, Mar. 11, 1934, Section IV, p. 8, col. 4.

[26] *Ibid.*, Nov. 15, 1934, p. 8, col. 5.

in 1933, while Soviet Russia held 15 per cent, the United States 40 per cent and Great Britain the remainder.[27] There were more than 30,000 cases a month of Japanese products of similar or higher gravity passed through the Manchukuo customs as light oil, thereby paid a duty of only 50 cents a case. From the standpoint of the National Treasury of the new "State" of Manchukuo, this favoritism toward Japanese oils and kerosene meant a loss of nearly $1,000,000 a year—and this $1,000,000 was a virtual Manchukuo subsidy to enable Japanese to undersell American and British oil companies competing in the Manchurian market.[28]

Under the double handicaps—monopoly system and discriminatory tariff treatment, the foreign oil companies other than Japanese had either closed or prepared to close their offices, retiring from Manchurian field, as long as Japan under the protection of a favored Manchukuo tariff undersold them and the monopoly deprived them of their sale's rights. They had no alternative but to withdraw. Up to the spring of 1935, the foreign oil companies which had withdrawn from Manchurian market were the "Big Three": the Asiatic Petroleum Company (British), the Standard-Vacuum Oil Company (American) and the Texas Oil Company (American), their business having been taken over by the Japanese-controlled Manchuria Petroleum Company. With the result of the withdrawal of the three major foreign oil concerns, Japan was in a position to monopolize the whole Manchurian oil market to her advantage. This was practically evidenced by a statement of a high Japanese official at Tokyo on May 17, 1935 when the "Big Three" decided to quit. He said:

> Should these companies, however, decide to retreat their offices from Manchukuo, the new Empire will not

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[27] *Ibid.*, Oct. 8, 1933, Section IV, p. 8, col. 4.

[28] *Ibid.*, Mar. 11, 1934, Section IV, p. 8, col. 4.

> suffer, as any amount of crude oil can be brought from Soviet Russia and through Japan. As a matter of fact, Japan will profit from the latter procedure.[29]

4. Other Monopolistic Enterprises

With a view to elbowing the foreigners out of Manchuria Japan had seized all other Manchurian enterprises besides the oil under her monopolization and at the same time created an embargo tariff under Japanese administrators on all foreign goods except Japanese merchandise. There were numerous and manifold companies organized for monopoly purpose either with a pure Japanese capital or a Japanese-Manchukuo joint capital. But Japan could not develop in Manchuria branches of industry which would compete with her own. It was generally insisted that Manchuria supplied Japan the raw materials and Japan supplied Manchuria the manufactures.

Of all the monopoly organizations the leading and biggest was the Japanese semi-official South Manchuria Railway Company, half of its capital was owned by the Japanese Government. By an agreement signed on March 1, 1933 between Manchukuo Government and the South Manchuria Railway Co., Manchukuo Government entrusted the latter with the complete management of all railways in Manchuria. The South Manchuria Railway Co. was also given

> . . . a monopoly on the financing, construction, management and supplying of all new railways, telegraphs, telephones and various public utilities throughout the puppet state. Its rate schedules, service arrangements, and traffic regulations were beyond interference from the Manchukuo authorities. . . .[30]

Its predominant influence in the commercial and industrial enterprises of Manchuria may be told by the fact of

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[29] *North China Daily News* (British-edited, Shanghai), May 18, 1935, p. 9.

[30] H. E. Wildes, *Japan in Crisis* (New York: Macmillan Co., 1934), p. 219.

continuous increase of its capital, for instance, from 440,000,000 yen to 800,000,000 yen in 1933.[31] With the result, profits of the South Manchuria Railway Co. during the 1935-36 fiscal year were the largest in the history of the firm, established in 1907. Totalling 49,600,000 yen, they were 3,000,000 yen above the amount for the preceding year.[32] Upon the official statistics issued by the Manchukuo Government, up to the middle of December of 1933, there were 126 Japanese-controlled companies incorporated in Manchukuo with a joint authorized capital of 188,500,000 yen, while the 1932 figures showed 120 Japanese-controlled companies incorporated with joint capital of 13,000,000 yen.[33] In 1936, among those commercial and industrial organizations financed either with a pure Japanese capital or a Japanese-Manchukuo joint capital were Anshan Iron and Steel Works, Manchukuo Central Bank, Manchuria Industrial Bank, Manchuria Telegraph and Telephone Co., Manchuria Chemical Co., Manchuria Petroleum Co., Manchuria Air Navigation Co., Manchuria Magnesium Co., Mukden Arsenal, Manchuria Collieries Co. (a merger one including all Manchukuo collieries with the exception of the largest open-cut mine operated by the South Manchuria Railway Co. at Fushun), Manchuria Electric Co., Manchuria Gold Co., Manchuria Aluminum Co., Manchuria Pyrites Co., Manchuria Talc Co., Manchuria Alcohol Co., Manchuria Soya Bean Co., Manchuria Bean Oil Mill, Manchuria Cotton Mill, Manchuria Forestry Development Co., Manchuria Wheat Co., Manchuria Brewery Co., Manchuria Cement Co., Manchuria Marine Products Co., Manchuria Iron Co., Manchuria Tobacco Co., Japan-Manchukuo Hemp Co., Japan-Manchukuo Communications Co., Japan-Manchukuo News Communication Service, Manchuria

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[31] H. J. Timperley, "Japan in Manchukuo," *Foreign Affairs*, a quarterly, New York, January, 1934, p. 299.

[32] *The China Weekly Review*, Vol. LXXVI, No. 13 (May 30, 1936), p. 469.

[33] *New York Times*, Jan. 28, 1934, Section IV, p. 8, col. 1.

Navigation Co., Japanese Motor-Bus Co., Manchukuo Measure Instruments Co., and Manchuria Opium Monopoly Co. The monopolies enumerated above are the most important. According to a Japanese Kokutsu message from Changchun dated June 11, 1936, the monopolies already introduced in Manchuria had included 35 kinds of enterprises.

A great number of other business companies were being under establishment. Thus, under the then existing conditions, the business fields were rapidly closed to both the Europeans and Americans and the Chinese. With the result, many large American and European firms trading in Manchuria were winding up their business and preparing to leave the country, realizing the inevitability that their business would be squeezed out by the Japanese monopolization policy. Some of them had already withdrawn. As regards the Chinese firms, only in Mukden in 1933 there were more than 70 Chinese firms closed, even those which still opened for business were drawing near the verge of bankruptcy.

5. Embargo Tariff

With the new Manchukuo tariff coming into operation on July 23, 1933,[34] which had brought Manchuria within the Japanese tariff union at the expense of other countries, the other foreign interests were more handicapped. Upon the regulations of the customs tariff, 4.5% of the Japanese imports entered free and 11.5% were charged with specially reduced duties. In the field of exports, there were four kinds of Japanese goods exempted and one kind subject to reduced duty. Under such a condition Japan could suck up Manchuria's raw materials and dump her surplus manufactures into Manchuria. As to the revised tariff effected on November 15, 1934, according to the report of the official Manchuria

[34] For the full text, see *Information Bulletins, Nos. 51-120*, p. 67. Publications of the Department of Foreign Affairs, Manchukuo Government.

News Agency it was made in harmony with the principle of the Japanese-Manchukuo economic bloc. It was reported that 118 items were included in the revised tariff and that these were designed specially to benefit Japanese domestic and local manufacturers more than the Manchukuoan consumers.[35] A prelude to the embargo tariff of 1933 was the statement made on the eve of its enforcement by Mr. T. Komai, the then Japanese member of the Manchukuo Privy Council and also a man who played a leading part in the organization of Manchukuo. He declared that Manchukuo's trade door would not remain open to countries that withheld recognition of her status. He agreed that Manchukuo's inaugural declaration had pledged the new "State" to observe the open door policy, but said that it was impossible that the pledge could apply to countries which refused to recognize its existence. When reminded of the Nine-Power Treaty, Mr. Komai said that Manchukuo was not a part to that pact.[36]

In addition, with the enforcement of Manchukuo-Japan Through Train Accord of May 22, 1935[37] and Manchukuo-Japan Customs Agreement of May 24, 1935,[38] trade between Manchukuo and Japan became more prosperous as the customs formalities at the borders between Manchukuo and Korea no longer existed. Since the enforcement of these two agreements, shipments from Japan to Manchukuo and vice versa had passed duty free through the three Northern Korean ports: Rashin, Seishin and Yuki, whence fast freighters plied back and forth across the Sea of Japan. Manchukuo's customs tariff had been revised several times, but all based on the same principles—namely, the further consolidation

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[35] *New York Times*, Nov. 15, 1934, p. 8, col. 5.

[36] *London Times*, April 26, 1933, p. 16, col. 6.

[37] For the text of the Accord, see *Manchuria Daily News*, June 27, 1935, p. 5.

[38] For the text of the Agreement, see *Ibid.*, June 27, 1935, p. 5; June 28, 1935, p. 6.

of the Japan-Manchukuo economic bloc and the protection of Manchukuo's domestic industries for Japanese advantage and benefit only.

6. The Fate of Foreign Tobacco

As to the foreign tobacco interests, the British-American Tobacco Co., once dominated the cigarette trade in Manchuria holding about 70 per cent of the total Manchurian cigarette sales, had faced increased competition of the Japanese companies and had struck a business slump.[39] It had been importing a substantial portion of its raw tobacco from Shantung province of China. Before 1932 such tobacco was not subject to import duties. Under the new regime of Manchukuo, however, China was placed in the category of a foreign nation, and materials imported therefrom were subject to an import duty ranging between 10 and 20 per cent.[40] But some Japanese cigarette factories operating in Manchuria had been obtaining their tobacco supplies from the Antung district in South Manchuria, unaffected by the new regime. The Japanese companies also had the advantage of rebates both in duty and freight payable after a period of six months.[41]

Later on July 1, 1934 a new tax on cigarette was effected. The tax on high grades (chiefly of British origin), which were defined as those costing over 3s. a 100, was nearly doubled.[42] The British-American Tobacco Company in Manchukuo suffered to an unutterable extent, so far as the odds were against it in the competition with State-owned and financed firms. The Manchuria Tobacco Company, organized in the summer of 1936 and a subsidiary of the Japanese Toa Tobacco Co., had built a huge

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[39] *The China Weekly Review*, Vol. LXXVII, No. 2 (June 13, 1936), p. 60.

[40] *New York Times*, Dec. 18, 1932, Section IV, p. 7, col. 4.

[41] *The China Weekly Review*, Vol. LXXVII, No. 2 (June 13, 1936), p. 60.

[42] *London Times*, June 23, 1934, p. 11, col. 7.

cigarette factory at Changchun. It was reported that the products of British-American Tobacco Co. had been taken away from the shelves of many Japanese shops and foreign stores under Japanese influence and were substituted by Japanese brands. Until the Pearl Harbor of 1941, the factories of the British-American Tobacco Co. were far-fetchedly operating in Harbin and Liaoyang.

7. General Tone of Foreign Trade

As regards the cotton trade, the whole of it had passed into the hands of Japanese, who had gradually edged out the British from this field.

In short, the situation of squeezing out foreigners in Manchukuo had become aggravated and worst. Shops throughout the whole of Manchuria were crammed with cheap Japanese goods with which the other foreign goods could hardly hope to compete in view of their cheap sale prices. In connection with this matter Mr. H. E. Wildes said:

> . . . If foreign firms desire to enter competition, the South Manchuria Railway is in a position to permit rebates to Japanese firms, to refuse freight cars to alien competitiors, and to make discriminatory rates. American and British firms are steadily withdrawing from a field where all the cards are stacked against them and where the economic pressure is being more rigorously applied from day to day. . . . Foreign merchants, persisting in competing with Japan in Manchukuo, find that their Japanese rivals receive better and speedier service and are given more facilities than aliens are accorded.[43]

Thus, it was bitterly accused that the Japanese Government granted subsidies to Japanese business in Manchuria and that Japanese steamship companies favored Japanese merchants freight rebates on goods to Manchurian

[43] H. E. Wildes, *op. cit.*, pp. 219-220.

ports, which afforded them support and advantage that other nationals did not enjoy. It is an old story in Manchuria that the South Manchuria Railway Co. favored their nationals in like manner. As a result, with their market killed or switched some of the handful of the foreign shops still remaining had to employ Japanese assistants. Others were being operated through dummy Japanese staffs. Several wholesalers were marketing their products through Japanese jobbing firms.

What was worse, the Japanese had on the other hand smuggled their products into Manchuria with official sanction. Thus goods had been smuggled in large quantities across the border of the Kwantung Leased Territory from Dairen, which was a free port under Japanese control, and also across the Manchurian-Korean borders. Also, it was alleged, Japanese dealers had imported huge stocks of piece goods into Manchukuo through the Japanese parcels post, thereby evading payment of duty. Therefore in most lines of their goods the Japanese needed no preferential tariffs to seize the market. The Japanese advisers, thrusted upon every Chinese concern of any standing, pressed the claims of Japanese goods in preference to those of other countries. The clients of the foreign business houses had been forced to shift patronage to Japanese houses. All companies subsidiary to Chinese banks had been ordered to withdraw their patronage from foreign banks and to do business with Japanese banks. The National City Bank of New York in Mukden was in 1932 on bad terms with the Japanese, as it refused to turn over funds of the old Manchurian regime to Japanese advisers who demanded the surrender of these accounts.[44] In consequence of the dull business, it annually suffered a loss of several ten thousands of yen.[45] Furthermore, the Manchukuo Government had passed laws to the effect

[44] *The China Weekly Review*, Vol. LX, No. 12 (May 21, 1932), p. 389.

[45] *Yomiuri Shimbun* (a Japanese daily organ at Tokyo), May 14, 1934.

that no foreign capital (except Japanese) would be allowed in mining enterprise.[46]

With the advantages of the monopoly system, protected customs tariffs, cheap or even free transportation, and smuggling ways, coupled with the long-term credit and illegitimate bartering methods used, the trade of Japan in Manchuria had jumped with an astonishing rapidity, whereas the other foreigners were selling nothing to Manchukuo that Japan produced. Mr. A. T. Steele, in an article entitled "Our Trade Blocked by Japan's Advisers" published in *New York Times* on Oct. 9, 1932, said that in the pre-Manchukuo days many foreign trading houses had done a rushing business with the old regime; that was all lost after the establishment of the new "State." It was estimated that American share of the direct imports into Manchuria through Dairen before 1931 was 8 per cent, while in 1932 dropped to less than 1½ per cent.[47] During 1933 American exports to Manchukuo dropped to less than $20,000,000 silver representing a loss exceeding 30% in American sales to Manchuria before the Mukden Incident. European countries were faring similarly. In 1934-5 Great Britain, France and the United States successively sent trade mission to Manchukuo with a view to studying local conditions and to ascertaining what openings there were for trade. Much was made of the participation of British and French capitals in the economic development of Manchukuo,[48] but, in reality, instead of flowing in as trumpeted in the press, they were flowing out,[49] though a trade agreement was concluded

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[46] *The China Weekly Review*, Vol. LX, No. 12 (May 21, 1932), p. 389; *North-China Herald*, Vol. CLXXXIX, No. 3459 (Nov. 22, 1933), p. 289, and Vol. CXCI, No. 3483 (May 9, 1934), p. 180.

[47] *New York Times*, Oct. 9, 1932, Section II, p. 8, col. 3.

[48] For the British, see *London Times*, Oct. 29, 1934, p. 13, col. 4; *New York Times*, Oct. 27, 1934, p. 2, col. 1, and Oct. 29, 1934, p. 16, col. 4. For the French, see *New York Times*, Oct. 17, 1933, p. 12, col. 3; Feb. 13, 1934, p. 5, col. 6; Feb. 21, 1934, p. 12, col. 2; Mar. 5, 1934, p. 1, col. 4; Nov. 30, 1934, p. 10, col. 4.

[49] *The China Weekly Review*, Vol. LXXVII, No. 2 (June 13, 1936), p. 60; *London Times*, March 6, 1935, p. 15, col. 6.

between Germany and Manchukuo effected from June 1, 1936, valid one year.[50] Senator K. Pittman, Chairman of the Foreign Relations Committee of the United States Senate, in his famous address on "Japan's Oriental Policy" in the Upper House of Congress delivered on February 10, 1936, said,

> . . . Well there is no open door in Manchuria—to us! American bankers, importers, and businessmen have been run out of Manchuria and replaced by Japanese. Our educators and missionaries will not long be able to remain. . . .[51]

8. Foreign Firms Closed

Based upon the report on May 14, 1934 of the *Yomiuri Shimbun*, Japanese organ at Tokyo, the number of foreign shops closed in Manchukuo was 16: 7 Germans, 1 British, 1 American, 3 French, 1 Czechoslovakian, 1 Austrian, 1 Dutch and 1 Norwegian. Up to 1936 the list of only big foreign firms which had completely withdrawn from Manchuria was: the Asiatic Petroleum Co. (British), the National City Bank of New York (American), the Skoda Works (Czechoslovakian), Anderson, Meyer & Co. (American), Siemens-Schukert & Co. (German), Siemssen & Co. of China (German), Wittig & Co. (German), the Jardine Engineering Corp. (British), the Hongkong and Shanghai Banking Corporation (British), the Jardine, Matheson & Co. (British), the I. I. Tschurin & Co. (British), General Electric Co. (American), and Westinghouse Electric Co. (American).[52] Besides, the office of the American Trade Commissioners in Mukden was closed down in 1933, likewise those of other foreign countries. Before the Mukden Incident of 1931, this office had served

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[50] *London Times*, June 2, 1936, p. 11, col. 4.

[51] For the full text of Pittman's address, see the pamphlet entitled "Senator Key Pittman on Japanese Violation of the Nine-Power Treaty," published by *The China Weekly Review*, Shanghai, 1936.

[52] *The China Weekly Review*, Vol. LXXVII, No. 2 (June 13, 1936), p. 60.

as a clearing house for all American businessmen desiring to invest in Manchuria, then inviting foreign capital and initiative.[53] Another business, life insurance, was also taken up by the Manchukuo Government. It was certainly a blow to such companies as the West Coast Life Insurance Co., the Sun Life Insurance Co., and a few others maintaining agencies in Manchuria. The Soviet Russians, who after the transfer of the Chinese Eastern Railway to Japanese control, withdrew all their trading and banking enterprises, including even a Consulate-General in Mukden. Thenceforth, they had even not a single trading enterprise in Manchuria.

With regard to the situation of the "White" Russians in Manchuria, it was stated in the *China Weekly Review* of June 13, 1936 to the following effect:

> Discrimination against foreign business is especially apparent in the case of White Russians, as the least protected part of the foreign population of Manchuria. Whilst only a few years ago, Harbin, especially its foreign part, was a purely Russian city with the Russian capital and business flourishing, it is now more Japanese than any other town in North Manchuria. According to investigations carried out by the Japanese Chamber of Commerce and Industry of Harbin and made public on May 6, White Russians now own only 22 per cent of all commercial enterprises of Harbin, and North Manchuria generally, 33 per cent of all houses, 13 per cent of all agricultural establishments and 28 per cent of all industries.
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> This is disastrous indeed, for only four years ago, at the end of 1932, White Russians controlled about 60 per cent of all commercial enterprises of North Manchuria and nearly 75 per cent of all houses in the European part of Harbin. Where is this capital now? Real estates have mostly been sold to the Japanese, for owing to bad business and generally insecurity of living in North Manchuria, a well-to-do part of White Russians, to whom this region really owes its development, drifted

[53] *Ibid.*

southward, selling their properties for a mere song.

In connection with the Chinese interests in Manchuria, the following statistics will speak for itself. According to statistics issued by the Mukden Municipality in 1933, the number of bankrupt Chinese retail business in Mukden alone amounted to 1,730 shops closed, while Japanese shops increased from 358 to 900.[54] The shops within the wall city of Mukden were almost all Japanese. As to the Chinese factories in Mukden, they had either been closed down or transferred to Japanese interests. Concerning agricultural enterprises, the Japanese Manchurian-Mongolian Exploitation Company had been doing its best to buy Chinese lands, and large colonies of Japanese farmers were immigrating into Manchuria to settle there.

9. Censorship System

To prevent leaking out of news of what was happening in Manchuria, Japan had brought in a Press Law in 1933[55] and thus instituted a very rigid and elaborated system of censorship in Manchuria. A Japanese-Manchukuoan Censorship Committee had been formed consisting of two representatives each from the Japanese Embassy, the Kwantung Governor-General's Office, and the Manchukuo Government, and one each from Kwantung Army and the Japanese Gendarmerie Headquarters. One or two representatives were admitted to meetings of the Committee as observers. The person in Manchuria who was of an enquiring turn of mind could garner nothing from official sources which might be construed as grist to his mill. He asked of the conditions in the coun-

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[54] *Vide*, author's "Japanese Maintain 'Open Door' in Manchuria for Foreigners to Get Out," under the pen name of Shen Hsueh-chuan, *The China Weekly Review*, Vol. LXVII, No. 1 (Dec. 2, 1933), p. 28.

[55] For the text of the Press Law, see *The China Weekly Review*, Vol. LXV, No. 1 (August 12, 1933), p. 460.

try. He was told that peace and order and equal opportunity existed everywhere. If the person continued and became more pointed in his inquiries, he might, particularly if he was a newspaperman, find his entry into Manchukuo barred for the future.

Under the censorship system, correspondents of all nationalities in Manchuria were greatly handicapped in their works, and many of them had either been kept out or threatened with deportation or imprisonment. The notable examples of such cases are Edward Hunter, who was arrested by the Japanese authorities in Harbin in 1932; Mr. Bartels, editor of the *Deutsch-Chinesische Nichrichten*, German daily in Tientsin, was warned May, 1932 to leave Mukden immediately under threat of arrest and imprisonment; E. Lenox Simpson, who was deported from Harbin, 1933; and Upton Close, who was barred from entering Manchuria, 1933. Later in January, 1934 J. B. Powell, editor of the *China Weekly Review* (*Millard's Review*) in Shanghai, was refused admittance to Manchukuo. [56] He was the second foreign journalist refused by the Japanese to enter Manchukuo, the first one being Upton Close. As to the Chinese newspapers and correspondents, they both had long ago been banned from entering Manchuria and not a single Chinese correspondent could be seen there, although the *Ta Kung Pao* (a Chinese independent daily) of Tientsin in the autumn of 1933 succeeded in sending a correspondent there to conduct a secret investigation of the then existing situation. Foreign newspapers published in China had suffered a similar fate. For example, the *China Weekly Review*, an American weekly published in Shanghai, had been banned from circulating in Manchuria by the Japanese-Man-

[56] Mr. J. B. Powell, world-known positive critic of Japanese aggression upon China, was arrested and jailed by the Japanese when Shanghai fell into the Japanese hands during the so-called Sino-Japanese Undeclared War. On the eve of Japan's surrender, he was released, but no sooner had he returned to the United States than he died of harsh torture inflicted on by the Japanese when he had been taken prisoner in Shanghai.

chukuoan Censorship Committee. For a nation which so severely censored its news, one was forced to wonder what the actual conditions might be in a land alleged firmly to be a "prosperous and peaceful" state or "Wang-tao Paradise."

10. "Visa" System Against Foreigners

Japan had further introduced a "visa" system in Manchuria against the foreigners. Since June 1, 1933, it had been necessary for foreigners to have "visas" on their passports showing official permission to enter Manchukuo, to reside there or pass through, according to new regulations announced on April 18, 1933.[57] And on June 17 of the same year another regulation governing the entry of foreigners into Manchukuo was also effected.[58] There were agencies appointed abroad. "Visas" were available at Manchuli and Pogranichnaya (Suifenho) on the Siberian frontiers; Shanhaikwan on the Great Wall line; Yinkou in the Liaotung Bay; Dairen for travellers by way of the Kwantung Leased Territory; and Antung, Huimotung, Keijo and Rashin on the Korean frontiers. The fee was $10.00 in Manchukuo currency for an entry or $2.00 for transit. The announcement declared that Manchukuo would not recognize any visas granted by a diplomatic or consular office of the Chinese Republic.

In connection with the anti-foreign activities in Manchuria Professor T. O'Conroy said:

> . . . Throughout . . . Manchuria there is a growing movement that aims to obstruct the active progress of the white [illegible] where they come under Japanese authority. The situation to-day is extremely delicate and there is not a little danger. Many of the foreign community have sent their families home, sensing . . . the attitude

[57] For the full text, see *Information Bulletins Nos. 51-120*, p. 35. Publications of the Department of Foreign Affairs, Manchukuo Government.

[58] For the full text, see *Ibid*, p. 65.

of the populace generally towards barbarians, and especially that of the police. At the present time this anti-foreign propaganda is greater than at any time in the history of Japan.[59]

11. Restrictions on Chinese Coolies

Emigration of Chinese laborers into Manchuria had been strictly restricted and the door had been banged to them since the enforcement of the restrictions on Chinese coolies on Feb. 12, 1935 and further the Foreign Laborers Law on March 21, 1935 by the Manchukuo Government. By the restriction regulations the Chinese coolies, when entering Manchukuo, should be provided with certificates issued by the Japanese Tatung Company;[60] while under the Foreign Laborers Law,[61] which "shall not apply to laborers of any country with which this State has reached a separate agreement," the foreign laborers, on the occasion of their entrance into Manchukuo, should present to the police officers concerned a certificate of identification issued by persons handling foreign laborers, and obtain the official stamp of permission for entrance into the country. Further, a strict examination and check was made on the passengers going to Manchukuo—merchants being required to bring evidence of their commercial connections, workmen to have their tools with them and farmers to have letters proving their profession; and all being required to have ample funds with them.

These measures taken by the Manchukuo Government or, in fact, the Japanese Government against the Chinese coolies were on similar lines to those then in force in Formosa. With the result, under these restriction measures, a large number of Chinese coolies were

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[59] T. O'Conroy, *The Menace of Japan* (London: Hurst and Blackett, Ltd., 1933), p. 254.

[60] *Manchuria Month*, No. 137 (March, 1935), p. 25.

[61] For the full text of the Law, see *Manchuria Daily News*, April 25, 1935, p. 3.

deported annually and the former swarming exodus of Chinese emigrants from China proper to Manchuria was no longer seen.

Since the outbreak of Mukden Incident, the number of foreign residents and travellers except Japanese in Manchuria had also been greatly reduced and most of the resident foreigners had left the territory on account of their being unable to enjoy the so-called "Wang-taoism." On the other hand, thousands upon thousands of Japanese and Koreans had been streaming into Manchuria since the creation of Manchukuo. But most of them were the undesirable elements. Startling accusations of graft, bullying and obnoxious practices by Japanese ronins and corrupt elements among Japanese officials in service for the Manchukuo Government were made among both the Chinese and Japanese in Manchuria. [62]

Facts can overcome the false propaganda by which Japan had deceived the world—"Door is still kept open in Manchuria." It was then generally believed that "the Open Door policy has disappeared in this part of Asia, never to return, no matter how Manchuria may develop in the near future. Nothing short of a war could re-establish that principle in Manchuria."[63]

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[62] *The Japan Weekly Chronicle*, News Series, No. 1,676 (Feb. 15, 1934), p. 216; No. 1,731 (March 7, 1935), p. 316.

[63] *North-China Herald*, Vol. CXCIV, No. 3518 (Jan. 9, 1935), p. 74.

Part Two

JAPAN'S "PRIVILEGES" AND CHINESE SOVEREIGNTY IN MANCHURIA

"Manchuria was admittedly a part of China, but it was a part in which Japan had acquired or claimed such exceptional rights, so restricting the exercise of China's sovereign rights, that a conflict between the two countries was a natural result."

—— Lytton Report

CHAPTER VII

CHINA'S TERRITORIAL INTEGRITY AND JAPAN'S SPECIAL POSITION IN MANCHURIA

THERE was probably nowhere else in the world an example of a country enjoying in the territory of a neighboring state such extensive economical and political privileges as Japan in Manchuria. Japan had enjoyed an important and unusual position in Manchuria despite her treaty commitments on the recognition of Chinese sovereignty and integrity there.

Japan governed the leased territory with practically full rights of sovereignty, and she administered the railway areas including several towns and large sections of such populous cities as Mukden and Changchun with unhampered control over police, taxation, education, and public utilities. Japan maintained armed forces in many parts of Manchuria: the Kwantung Army in the leased territory, the railway guards in the railway areas, and the consular police throughout the districts where Japanese consular offices were located. Japanese jurisdiction extended not only to Japanese nationals from Japan, but also to Koreans—Japanese subjects—who crossed the border into Manchuria.

In addition to this tangible basis for Japanese "legal rights," Japan presumed an ethical and legal right to develop the resources of Manchuria, in spite of her treaty promise at the Washington Conference not to seek any general superiority of rights in any part of China. Whenever Japan talked of her special rights and interests or

special position in Manchuria, she tempered her pretentions by an acknowledgment of the Open Door. After 1925 she talked less and less about special rights and interests, and emphasized more and more her obligations to maintain peace and order in Manchuria.

1. Japan's Recognition of Manchuria as Chinese Territory

Apart from the historical and geographical standpoints as well as the legal recognition of Manchuria as the integral part of the Chinese territory by the other foreign powers, we have seen Japan's repeated recognition of Manchuria as an integral part of Chinese territory. To cite the recent important instances, in the Sino-Japanese Treaty of Shimonoseki of April 17, 1895, Japan tacitly recognized it as Chinese territory.[1] She openly did so in her declaration of war with Russia on February 10, 1904,[2] and in the Russo-Japanese Portsmouth Treaty of September 5, 1905.[3] Furthermore, at the Washington Conference of 1922, she also recognized Manchuria as well as Mongolia as Chinese territory when she signed the Nine-Power Treaty.[4] Thus, from the standpoint of the treaties Japan concluded with either China, Russia, or other Powers, Manchuria was undoubtedly an integral part of Chinese territory. With reference to the Open Door principle of the integrity of China applied to Manchuria, the following events, such as U. S. Secretary Hay's repeated protests against the Russian attempts to annex Manchuria between 1900 and 1903,[5] Article III

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[1] J. V. A. MacMurray (ed.), *Treaties and Agreements with and concerning China, 1894-1919* (2 vols.; New York: Oxford University Press, 1921), p. 18.

[2] K. Asakawa, *The Russo-Japanese Conflict* (Boston and New York: Houghton, Mifflin and Company, 1904), p. 374.

[3] MacMurray, *op. cit.*, p. 522. (See Appendix D, 1.)

[4] U. S. Dept. of State, *Conference on the Limitation of Armament* (Washington: Government Printing Office, 1922), p. 1621; *U. S. Senate Documents*, 67th Cong., 2nd Sess., 1922, No. 126, p. 454.

[5] U. S. Dept. of State, *Foreign Relations of the United States*, 1902, pp. 271, 275-276 and 1903, pp. 53-55.

of the Russo-Japanese Portsmouth Treaty of 1905,[6] U. S. Secretary Root's contention in regard to the Russian establishment of municipal administration at Harbin in 1908,[7] U. S. Secretary Knox's neutralization project in application to the Manchurian railways in 1909,[8] and the refusal of the Japanese exclusion of South Manchuria and Eastern Inner Mongolia from the New International Banking Consortium Agreement of October 15, 1920,[9] manifestly indicated that the Open Door principle of the integrity of China had practically covered Manchuria. We are here to see how far had Japan observed this principle. Did she do what she had repeatedly made in the treaties or declarations with reference to the Open Door principle of the integrity of China in Manchuria?

Prior to the declaration of war with Russia in 1904, Japan was consistent upholder of the Open Door Doctrine, and repeatedly insisted on the integrity of China in Manchuria. She even exaggerated that she had fought Russia for the integrity of China in Manchuria. However, immediately after her victory in the war, Japan broke her word and plotted to absorb the very same territory which she had vigorously kept Russia from taking. This intrigue was laid bare by Count Tadasu Hayashi who said:

> To say that we fought for China is rather stretching the truth. There may be some truth in the statement, but to expect other people to believe it is like trying "to steal a bell by shutting one's own ears.". . . Although we have driven the Russians away, we have come in their stead. So, looked at from the Chinese

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[6] MacMurray, *loc. cit.*

[7] U. S. Dept. of State, *op. cit.*, 1910, pp. 203-205.

[8] *Ibid.*, pp. 234-235.

[9] "The Consortium," *ibid.*, 1919, No. 16, Oct. 18 and No. 17, Nov. 20. For the text of the Agreement, see *The Consortium: The Official Text of the Four-Power Agreement for A Loan to China and Relevant Documents* (Washington: Carnegie Endowment for International Peace, 1921).

> points of view, we may be likened to "the wolf that follows the tiger."[10]

In a word, Japan's territorial ambition in Manchuria and in other parts of China as well was carried out under the euphemism of the Open Door principle of the integrity of China. Japan's policy to China was really a resounding slap in the face of her virtuous declarations.

2. The Legal Rights and Interests of Japan in Manchuria

What were called the legal rights and interests of Japan in Manchuria were only those clearly defined in Articles V and VI of the Russo-Japanese Portsmouth Treaty of September 5, 1905 as transferred by Russia. Since the conclusion of the Russo-Japanese Portsmouth Treaty of September 5, 1905 Japan had taken possession of the Russian vested rights and interests in South Manchuria. The transfer of the Russian vested rights and interests in South Manchuria to Japan was clearly provided in Article V and Article VI of the Portsmouth Treaty of 1905 as follows:

> Article V.—The Imperial Russian Government transfer and assign to the Imperial Government of Japan with the consent of the Government of China, the lease of Port Arthur, Talien [Dairen] and adjacent territory and territorial waters and all rights, privileges and concessions connected with or forming part of such lease and they also transfer and assign to the Imperial Government of Japan all public works and properties in the territory affected by the above mentioned lease.
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> . . . . . .
>
> Article VI.—The Imperial Russian Government engage to transfer and assign to the Imperial Government of Japan, without compensation and with the consent of the Chinese Government, the railway between Changchun

[10] Cited by A. M. Pooley, *The Secret Memoirs of Count Tadasu Hayashi* (New York: G. P. Putnam's Sons, 1915), p. 254.

> (Kuan-cheng-tzu) and Port Arthur and all its branches together with all rights, privileges and properties appertaining thereto in that region, as well as all coal mines in the said region belonging to or worked for the benefit of the railway.[11]

But the Government of Russia, when transferring these vested rights and interests in South Manchuria, declared in Article III of the same Treaty that "they have not in Manchuria any territorial advantages or preferential or exclusive concessions, in impairment of Chinese sovereignty or inconsistent with the principle of equal opportunity."[12] Moreover, all the transfers and assignments made by Russia to Japan by Articles V and VI of the Portsmouth Treaty of 1905, Japan afterwards secured in the Sino-Japanese Peking Treaty of December 22, 1905 with the solemn engagement in Article II that she would earnestly observe "the original agreements concluded between China and Russia" respecting them.[13] Let us look back, the so-called original agreements entered into between China and Russia concerning the lease of territory and the construction of the Chinese Eastern Railway were to refer to the Contract of September 8, 1896, the Convention of March 27, 1898, and the Additional Agreement of May 7, 1898. In Article I of the Sino-Russian Convention of March 27, 1898 for the lease of the Port Arthur and Dairen, it was provided that "this act of lease, however, in no way violates the sovereign rights of H. M. the Emperor of China to the above-mentioned territory."[14] In Article VIII of this Convention it was further provided that Chinese consent to the construction of the railway "shall never under any form serve as a pretext for the seizure of Chinese territory or for an encroach-

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[11] MacMurray, *loc. cit.* (See Appendix D, 1.)

[12] *Ibid.*

[13] *Ibid.*, p. 549. (See Appendix E, 1.)

[14] *Ibid.*, p. 119. (See Appendix B, 1.)

ment on the sovereign rights of China." From the foregoing it comes to the conclusion that while Japan was entitled to the full enjoyment of her legitimate rights and privileges, but should not infringe upon the sovereignty, the independence, and the territorial and administrative integrity of China.

However, Japan persistently followed a traditional continental policy toward Manchuria, and in the carrying out of this policy she ignored her commitments embodied in her treaties and declarations with reference to the Open Door principle of the integrity of China. Thus she consequently forced China to sign various treaties, conventions, agreements, protocols, regulations, and so forth, which seriously impaired the integrity of China in Manchuria, to extend her "special rights" in Manchuria. The most notorious of these are the Treaties and Notes of May 25, 1915 derived from the so-called Twenty-One Demands.[15] Later on July 25, 1927, the Japanese Premier Giichi Tanaka after a conference including high Japanese military and civil officers in Manchuria and Mongolia submitted the so-called secret Memorial to the Emperor of Japan, outlining the positive policy in Manchuria and Mongolia in particular and in China as a whole. In his secret Memorial, despite the Japan's repeated declarations of guaranteeing the integrity of China in Manchuria, Tanaka, among other things, pointed out that Japan's national existence would be endangered if obstacles to Japanese "development" of Manchuria were not removed; and re-emphasized that Japan had "special interests" in Manchuria and it was her duty to maintain peace and order there.[16] This was the keynote of the

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[15] *The Sino-Japanese Negotiations of 1915: Japanese and Chinese Documents and Chinese Official Statement* (Washington: Carnegie Endowment for International Peace, 1921); cf. *ante*, Chap. I, footnote (2).

[16] For the text of the Memorial, see "Tanaka Memorial," *The China Critic*, Chinese-edited English weekly, Shanghai, Vol. IV, No. 39 (September 24, 1931), pp. 923-934; Carl Crow (ed.), *Japan's Dream of World Empire: The Tanaka Memorial* (New York and London: Harper and Brothers, 1942). (See Appendix L.)

so-called Japan's positive policy toward Manchuria and Mongolia. In pursuing and bringing toward consummation the audacious policy Japan invariably violated all the provisions embodied in the Sino-Japanese treaties which guaranteed the integrity of China. But in order to preserve her sovereignty, independence, and her territorial and administrative integrity China could not but have a check on Japanese steady encroachments. Thus aroused between China and Japan the conflict of interests in Manchuria. In such circumstances it was most unreasonable on the part of Japan to blame China of not respecting her acquired rights and interests in Manchuria. It would be rather justified that China was in a legal place to accuse Japan of not respecting her integrity. The Mukden Affair did well mean Japan's realization of a greater part of the so-called "positive" policy toward China, and did violently trample to death the Open Door principle of the integrity of China in Manchuria to which Japan as well as other Powers had formally subscribed.

CHAPTER VIII

THE LEASED TERRITORY AND KWANTUNG GOVERNMENT

BEFORE the fateful night of September 18, 1931 when Japan began her territorial seizure of Manchuria and Eastern Inner Mongolia, the Kwantung Government had been the Japanese political and administrative organ in the Kwantung Leased Territory situated at the southern end of the Liaotung Peninsula. It was the headquarters of Japanese political influence in Manchuria. It was, in fact, the very Supervisory Government which had once been established by Japan in Korea before her annexation to the Japanese Empire. Korea's independence had been effectively throttled by this apparently harmless organ. Manchuria accordingly suffered the same fate of Korea by the establishment of the Kwantung Government. Formerly, before the Russo-Japanese War, this Leased Territory had been Russian. After the War, it was transferred by Russia to Japan, as was provided in Articles V and VI of the Portsmouth Treaty of September 5, 1905,[1] with the consent made by China in Article 1 of the Sino-Japanese Peking Treaty of December 22 in the same year.[2] Above all, Article II of the Sino-Japanese Peking Treaty of 1905 stipulated that Japan should abide by the original agreements entered

[1] J. V. A. MacMurray (ed.), *Treaties and Agreements with and concerning China, 1894-1919* (2 vols.; New York: Oxford University Press, 1921), p. 522. (See Appendix D.) Under the Russian control, the Leased Territory of Dairen and Port Arthur had been denominated as Kwantung Province, while seized by Japan it was renamed as Kwantung Chou.

[2] *Ibid.*, p. 549. (See Appendix E, 1.)

into between China and Russia with reference to the leased territory and the Chinese Eastern Railway.[3] But judging by the manner in which the Kwantung Government was organized and the Kwantung Leased Territory was administered by Japan, together with her other activities in Manchuria, we cannot but draw the conclusion that Japan had never carried out the original treaty obligations as stipulated between China and Russia.

1. The Establishment of Kwantung Government

By the Imperial Ordinance No. 196 of July 31, 1906, Japan promulgated the establishment of the Government General of Kwantung in the Leased Territory.[4] A Governor General was established as its head taking charge of both civil and military affairs. In 1919 this system was abolished and by an Imperial Ordinance No. 94 of April 12[5] the Kwantung Government was established to have at its head a Governor only on civil affairs while at the same time the Kwantung Army Headquarters was set independently to take charge of military affairs. As regards this system of Governor General or Governor, it was evidently a violation of Article IV of the Sino-Russian Convention of March 27, 1898 pertaining to the Lease of Port Arthur and Dairen. Article IV of this Convention stated:

> . . . On the territory leased by the Russian Government and its adjacent water area, the entire military command of the land and naval forces and equally the supreme civil administration will be given over to the Russian authorites and will be concentrated in the hands of one person who however shall not have the title of Governor or Governor-General. . . .[6]

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[3] *Ibid.*

[4] "Organization of the Government General of Kwantung," *ibid.*, p. 565.

[5] "Organization of the Government of Kwantung," *ibid.*, p. 569.

[6] *Ibid.*, p. 119. (See Appendix B, 1.)

Moreover, the Kwantung Government, in accordance with the Japanese government system, was but one of the administrative organs of her colonies or her own territories, for instance, the Sakhalin Government, the South Sea Islands Military Government, and the Hokkaido Government. Thus, the Kwantung Government became a sort of branch office of the home government of Japan. Nevertheless, the Kwantung Peninsula was a territory leased to Japan for a limited number of years and its territorial sovereignty remained with China. In spite of the provision of Article I of the Sino-Russian Convention of March 27, 1898, Japan introduced in 1919 the Kwantung Government system and administered the Kwantung Leased Territory as her own territory. This constituted an infringement upon China's territorial sovereignty. In Article I of the Sino-Russian Convention of March 27, 1898 it was stated as follows:

> . . . H. M. the Emperor of China agrees to place at the disposal of the Russian Government, on lease, the Ports Arthur (Liou-choun-kow) and Ta-lien-wan [Dairen], together with the water areas contiguous to these ports. This act of lease, however, in no way violates the sovereign rights of H. M. the Emperor of China to the above-mentioned territory.[7]

2. The Issues of Port Arthur and Kinchow

In connection with the use of Port Arthur, Article VI of the Sino-Russian Convention of March 27, 1898 provided that,

> Both the Governments [Chinese and Russian] agree that Porth Arthur, as an exclusively military (naval) port, shall be used solely by Russian and Chinese vessels and shall be considered as a closed port to the warships and merchant vessels of other States. As regards Talienwan [Dairen], this port, with the exception of one of the inner

[7] *Ibid.*

> bays which, like Port Arthur, shall be set apart exclusively for the use of the Russian and Chinese fleets, shall be considered open to foreign commerce and free entry to it will be granted to the merchant vessels of all nations.[8]

By this provision China's warships and merchant vessels should enjoy the right to use Port Arthur and China's fleets should have an exclusive use of a certain bay of Talienwan. But since succeeding Russia in Port Arthur Japan had forbidden China to enjoy such rights as provided in Article VI of the said Convention. This showed that Japan had violated the spirit of the Sino-Russian Convention of March 27, 1898.

Furthermore, in Article IV of the Sino-Russian Additional Agreement of May 7, 1898 defining the boundaries of the leased and neutralized territories in the Liaotung Peninsula it was provided:

> The Russian Government assents to the request of the Chinese Government that the Administration and police of the City of Kinchow shall be Chinese. Chinese troops will be withdrawn from Kinchow and replaced by Russian troops. The inhabitants of the city have the power to use the roads from Kinchow to the north boundary of the leased territory, and the waters usually required near the city, the use of which has been granted to Russia; but they have no power to use the sea-coast (round about).[9]

Though Japan pledged herself to observe this treaty one of the original treaties concluded between China and Russia when she succeeded Russia in the leased territory, yet she prevented China from sending officials to administer the civil affairs in Kinchow. In the year of 1914, the name of Kinchow was changed by China into Kin-hsien which was a district under jurisdiction of Liaoning prov-

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[8] *Ibid.*

[9] *Ibid.*, p. 127. (See Appendix B, 2.)

ince (then Fengtien province). But because of Japan's usurpation of China's administrative rights the provincial government of Liaoning was unable to appoint a civil official to administer that place and was compelled to entrust its administration to the neighbouring district of Fu-hsien. China should have sovereign rights in Kinchow, her own territory, but on account of Japan's treaty violation she was unable to exercise such rights.

Again, in the legal status there should not be any difference between the Kwantung Leased Territory and the leases of the other Powers in China, such as, formerly, the German Kiaochow lease and British Weihaiwei lease, and, at present, the British Kowloon lease. But the Japanese administration in the Kwantung Leased Territory made a great difference. Henceforth, Japan ignored both the principle of International Law regarding the leases, and disrespected the sovereign rights of China.

In addition, the Japanese Kwantung Government had also within the lease and the railway areas exercised judicial, postal and telegraphic, educational, and police rights which Japan had no legal basis to claim in the light of the treaty provisions concluded between China and Russia concerning the lease of Port Arthur and Talienwan and the construction of Chinese Eastern Railway. What was more illegal, a Bureau of Monopoly was established under the control of the Kwantung Government. It existed for the sole purpose of selling opium and other narcotics in Manchuria. [10]

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[10] For details, cf. *post*, Chap. XIX, pp. 262-264.

CHAPTER IX

THE SOUTH MANCHURIA RAILWAY COMPANY

IN Manchuria the South Manchuria Railway Company was like the "British East India Company" which had made India a colony of England. It was the headquarters of Japanese economic influence in Manchuria. Besides, it had also exceptional rights of political administration there. The Japanese railway system in Manchuria centered around the South Manchuria Railway and was under the administration of the South Manchuria Railway Company. Japan's rights over the South Manchuria Railway were based on Article VI of the Russo-Japanese Portsmouth Treaty of September 5, 1905, on Article I of the Sino-Japanese Peking Treaty of December 22, 1905, and on Article VI of the Additional Agreement to the Sino-Japanese Peking Treaty of 1905. In other words, on the basis of these treaties, Japan succeeded Russia in South Manchuria Railway. However, Japan engaged herself under the provision of Article II of Sino-Japanese Peking Treaty of 1905 to observe the provision of the Sino-Russian Contract of September 8, 1896 for the construction and operation of the Chinese Eastern Railway of which the South Manchuria Railway was a part. But, as a matter of fact, Japan had violated all her treaty obligations in defiance of China's sovereign rights if we had a study of the organization, capitalization, and activities of the South Manchuria Railway Company.

1. The Organization of South Manchuria Railway Company

The most noteworthy feature in the organization of the South Manchuria Railway Company established in 1906 was the absolute control exercised by the Japanese Government. The South Manchuria Railway was formed as a government controlled enterprise, subject to the direction of the Japanese Government, and the principal officers were appointed by the Japanese Government.[1] In this connection, the South Manchuria Railway had been operated by Japan in a deep-painted political color besides the economic considerations. In connection with this point, it was written in the Lytton Report as follows:

> **The South Manchuria Railway Company, although nominally a private corporation, is, in fact, a Japanese Government enterprise. Its functions include, not only the management of its railway lines, but also exceptional rights of political administration. From the time of its incorporation, the Japanese have never regarded it as a purely economic enterprise. The late Viscount Goto, first President of the Company, laid down a fundamental principle that the South Manchuria Railway should serve Japan's "special mission" in Manchuria.[2]**

Japan, as successor to the rights and privileges enjoyed by Russia in South Manchuria, should have abided by the Sino-Russian Contract of September 8, 1896 as provided in Article II of the Sino-Japanese Peking Treaty of 1905 when China gave in this Treaty her consent to the transfers made by Russia to Japan by Articles V and VI of the Portsmouth Treaty of 1905. For this Treaty reason,

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[1] J. V. A. MacMurray (ed.), "Japanese Imperial Ordinance Sanctioning Organization of South Manchuria Railway Company, June 7, 1906," and "The Articles of Incorporation of the South Manchuria Railway Joint Stock Company," *Treaties and Agreements with and concerning China, 1894-1919* (2 vols.; New York: Oxford University Press, 1921), pp. 555, 559.

[2] League of Nations, *Report of the Commission of Enquiry* (Geneva, 1932), p. 43.

she should have organized the South Manchuria Railway Company as a joint Sino-Japanese concern. Nevertheless, by organizing the Company in accordance with the Imperial Ordinances and orders of the Japanese Government[3] she had not only violated the provisions of the Sino-Russian Contract of September 8, 1896 but also failed to carry out the undertaking given in Article II of the Sino-Japanese Peking Treaty of 1905. This provision reads as follows:

> The Imperial Japanese Government engage that in regard to the leased territory as well as in the matter of railway construction and exploitation, they will, so far as circumstances permit, conform to the original agreements concluded between China and Russia. In case any question arises in the future on these subjects, the Japanese Government will decide it in consultation with the Chinese Government.[4]

Based on Article I of the Sino-Russian Contract of September 8, 1896 the seal of the Chinese Eastern Railway Company should be given by the Chinese Government and the president of the said Company should be appointed by the Chinese Government.[5] By virtue of Article II of the Sino-Japanese Treaty of December 22, 1905 Japan in the organization of the South Manchuria Railway Company should have conformed to the provisions of the Sino-Russian Contract of 1896.[6] In spite of her solemn guarantee Japan appointed Japanese to the Presidency and all other positions of the South Manchuria Railway Company.[7] More than this, the seal of the South Manchuria Railway Company was also issued

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[3] MacMurray, *op. cit.*, pp. 555-563.

[4] *Ibid.*, p. 549. (See Appendix E, 1.)

[5] *Ibid.*, p. 74. (See Appendix A.)

[6] *Ibid.*, p. 549. (See Appendix E, 1.)

[7] "Japanese Imperial Ordinance Sanctioning Organization of South Manchuria Railway Company, June 7, 1906," *ibid.*, p. 555.

by the Japanese Government. Therefore, in the light of the organization of the Chinese Eastern Railway Company before 1917 it was obvious that Japan had violated the original Sino-Japanese Contract of 1896.

As we have seen, Japan was the successor to the rights and privileges of Russia in the South Manchuria Railway. By virtue of Article I of the Sino-Russian Contract of 1896 it was provided that subscription to the shares issued by the Chinese Eastern Railway Company should be restricted to Chinese and Russians. In this connection, the South Manchuria Railway, a part of the southern branch of the Chinese Eastern Railway, should therefore have been a joint Sino-Japanese enterprise. China should have had the right to subscribe to the shares issued by the South Manchuria Railway Company which was first capitalized at 200,000,000 yen.[8] Although the shareholders of the Company should have limited to the Governments of Japan and China and the subjects of Japan and China,[9] the Chinese Government was not in a position to take any shares, and the shares taken by the Chinese subjects were negligible. As to the Japanese Government, it furnished one-half of the capital with (1) the railways, (2) all properties attached to the railways, and (3) the coal mines at Fushun and Yentai.[10] As regards the ownership of the branch lines and the coal mines at Fushun and Yentai, it was then still under dispute between China and Japan until September 4, 1909 when a Sino-Japanese agreement concerning mines and railways in Manchuria was signed.[11] Japan, however, arbitrarily appropriated these properties to herself in defiance of China's sovereign rights.

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[8] "The Articles of Incorporation of the South Manchuria Railway Joint Stock Company," *ibid.*, p. 559.

[9] *Ibid.*

[10] *Ibid.*

[11] *Ibid.*, p. 790.

Up to 1920 the total capital of the South Manchuria Railway Company was increased to 440,000,000 yen, [12] of which shares one-half was held by the Japanese Government and the other half was open to the subscription of the Japanese people, the Chinese having been rightly debarred from participation. In this connection, Japan had therefore failed to carry out her pledge to abide by the provisions of the Sino-Russian Contract of September 8, 1896.

2. Activities of the South Manchuria Railway Company

As regards the activities of the South Manchuria Railway Company, it did not stop at "for the purpose of engaging in railway traffic in Manchuria,"[13] but go further to engage in various accessory lines of business which were very extensive in scale and ramifications.[14] In the economic field, it operated factories, wharves, mines (Fushun and Yentai coal mines), bays and harbors, ironworks, electrical enterprises, real estate transactions, and any business for which Government permission was given. It also extended financial assistance to private enterprises carried on by Japanese. In the political field, it set up various administrative organs, for instance, the settlement councils, and reserved to itself municipal administration in localities along the railway areas or settlements. In the cultural field, it established primary, secondary and technical schools, higher educational institutions, libraries, newspapers in Japanese, Chinese and English languages, a Central Experimental Station, a Geological Research Bureau, Agricultural Experimental Stations,

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[12] Bank of Chosen, *Economic History of Manchuria* (Seoul: Bank of Chosen, 1921), pp. 94-96.

[13] "Japanese Imperial Ordinance Sanctioning Organization of South Manchuria Railway Company, June 7, 1906," MacMurray, *op. cit.*, p. 555.

[14] "Japanese Government Order Regarding South Manchuria Railway Company, August 1, 1906," *ibid.*, pp. 557, 559.

and a Research Department of the Natural Resources in Manchuria and Mongolia. Thus, judging by the far-reaching activities it was engaged in, the Company, although ostensibly a railway concern, practically enjoyed all the essential attributes of a territorial sovereign. It was, therefore, no exaggeration when the Japanese called the Company the "Mantieh Kingdom"; and compared with the status occupied by the Chinese Eastern Railway Company the Company had violated the spirit of the Sino-Russian Contract of September 8, 1896 and the Statutes of the Chinese Eastern Railway Company.[15] Meanwhile, Japan had further disregarded the Russo-Japanese Portsmouth Treaty of 1905. Article VII of this treaty provided,

> **Japan and Russia engage to exploit their respective railways in Manchuria exclusively for commercial and industrial purposes and in no wise for strategic purposes.**[16]

From the standpoint of the facts mentioned above, the South Manchuria Railway Company was organized with duplicate powers—commercial and administrative. Although posing as a commercial organization it was in fact an administrative department of the Japanese Government in Manchuria. In short, the activities engaged in by the South Manchuria Railway Company had by far exceeded the scope of those that were ordinarily associated with a railway company, and gone beyond the rights conferred upon Japan by treaties and agreements, to a great distance. With the result, China's sovereign rights were completely disregarded and outraged to an unutterable extent.

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[15] "Statutes of the Chinese Eastern Railway Company," *ibid.*, p. 84.

[16] *Ibid.*, p. 522. (See Appendix D, 1.)

CHAPTER X

THE ADMINISTRATION OF THE SOUTH MANCHURIA RAILWAY AREAS

THE so-called main line of the South Manchuria Railway was originally part of the South Manchuria Branch of the Chinese Eastern Railway, built on the basis of the Sino-Russian Contract of September 8, 1896 and the Sino-Russian Agreement of July 6, 1898.[1] It was transferred by Russia to Japan in the Portsmouth Treaty of 1905 with the consent of China, given in the Sino-Japanese Peking Treaty of 1905, on the condition that Japan should observe the concerned original agreements concluded between China and Russia and should decide any question arising on the matters concerning railway as well as leased territory in consultation with the Chinese Government.[2]

According to Article XII of the Sino-Russian Contract of 1896 this so-called main line of the South Manchuria Railway was to pass free of charge with all its appurtenances to the Chinese Government after eighty years and also to become subject to repurchase by China after thirty-six years.[3] In 1915 in consequence of the Twenty-One Demands China was deprived of the right to have the railway back until the year 2002.

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[1] For the texts of the two Sino-Russian agreements, see J. V. A. MacMurray (ed.), *Treaties and Agreements with and concerning China, 1894-1919* (2 vols.; New York: Oxford University Press, 1921), pp. 74, 154. (See Appendices A, C.)

[2] *Ibid.*, p. 549.

[3] *Ibid.*, p. 74.

1. Railway Areas vs. Railway Zone

The South Manchuria Railway settlements or areas were often misnamed by the Japanese as the "Railway Zone." This term was inappropriate and did not agree with the actual facts, for there was no long narrow strip of land along the South Manchuria Railway similar to the Panama Canal Zone, besides the land for the tract itself and a number of settlements situated at the stations along the railway. Thus, such settlements, although strung together alongside the railway line, did not suggest a zone. With regard to this point Dr. Shuhsi Hsu in his refutation upon the article entitled "The South Manchuria Railway Zone and The Nature of its Administration" written by Japanese Professor Masamichi Royama of Tokyo Imperial University wrote:

> There is no such zone. If one were to examine the South Manchuria Railway, one would not find "a long narrow strip of land following" it, besides the land for the track itself, which is, as a matter of fact, never known as a zone, though belt-like. There are, of course, the railway itself and the land incidental to its operation, and maintenance. In addition, what is actually in existence is a number of areas along the line of the stations set aside for trade and residence, with a few scattered here and there devoted to industries operated by the South Manchuria Railway Company.[4]

2. The Administrative Rights of the Railway Areas

As to the administration of the railway settlements, it should unquestionably have belonged to the Chinese Government with the exception of the management of the railways and the affairs intimately connected with their operation. Nevertheless, in defiance of China's

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[4] Shuhsi Hsu, *Essays on the Manchurian Problem* (Shanghai: China Council, Institute of Pacific Relations, 1932), pp. 142-143.

administrative integrity Japan groundlessly and illegally claimed the right of municipal administration for the South Manchuria Railway Company. The Company was given broad administrative powers. It not only arrogated to itself police jurisdiction but also maintained control over postal and telegraphic services in the railway areas. In fact, the municipal administration was carried on by the South Manchuria Railway Company, while the police jurisdiction by the Kwantung Government through the Japanese consular officials in Manchuria appointed as secretaries of the Governor of the Kwantung Government.

With reference to what Japan had claimed the so-called "administrative right" in having a basis on the Russo-Japanese Portsmouth Treaty of 1905, the Sino-Japanese Peking Treaty of 1905 and the Additional Agreement attached to the Sino-Japanese Peking Treaty of 1905, it was specially limited to the right of business undertakings as connected with an ordinary railway company. Except the right of business administration or, more exactly speaking, the business management, no right of political or governmental administration was conferred on Japan by these treaties. What consent China made concerning the Russo-Japanese Portsmouth Treaty in the Sino-Japanese Peking Treaty of 1905 was only limited to the provisions in Articles V and VI of the Portsmouth Treaty. But this consent was made under the condition of Japan's pledge to observe the concerned original agreements concluded between China and Russia.[5]

Nevertheless, by distorting Article VI of the Sino-Russian Contract of September 8, 1896 Japan strongly insisted on having such administrative right exercised in the railway settlements. Article VI of the said Contract of Chinese text reads as follows:

> The land actually needed by the said Company for the construction, operation and protection of the railway

[5] MacMurray, *op. cit.*, p. 549. (See Appendix E, 1.)

as also the land in the vicinity of the line necessary for procuring sand, stone, lime, etc., if this land is State property, will be turned over by the Chinese Government free of the charge; and if it is private property, will be either paid for at one time or rented from the proprietors annually, both at current price. The said Company shall itself provide funds for such purposes. The land belonging to the said Company will all be exempt from land tax and will be managed exclusively by the said Company (凡該公司之地段一概不納地稅由該公司一手經理) which will be permitted to construct thereon buildings and works of various kinds as well as to set up telegraphs, under its own operation, for the exclusive use of the railway. Except in regard to mines for which arrangement will be separately made, the income of the said Company, such as the charges for transportation of passengers and merchandise and the receipt from telegraphs, will all be exempt from tax or duty.[6]

And the French text of this provision reads:

Les terrains réellement nécessaires pour la construction, exploitation et protection de la ligne ainsi gue les terrains aux environs de la ligne, nécessaires pour se procurer des sables, peirres, chaux, etc., seront demis à la Société gratuitement, si ces terrains sont la propriété de l'Etat; s'ils appartiennent à la Société contre un senl payment on une location annuelle aux propriétaires, au prix courant.

Les terrains, appartenant à la Société, seront exempts de tout impôt foncier.

La Société aura de droit absolu et exclusif de l'Administration de ses terrains.

La Société aura le droit de construire sur ces terrains des constructions de toute sorte, et également de construire et d'exploiter le télégraphe nécessaire pour les besoins de la ligne. De même, les revenus de la Société, toutes ses recettes et les tarifs pour le transport

[6] Cited by Hsu, *op. cit.*, p. 157. For Chinese text, see *Treaties, Conventions, etc., between China and Foreign States*, sec. ed., published by order of the Inspector General of Customs (Shanghai, 1917), Vol. I, p. 213. Cf. English translation from French text, MacMurray, *op. cit.*, p. 74. (See Appendix A.)

> de voyageurs et marchandises, télégraphes, etc., seront exempts de tout impôt et droit. Exception est faite pour les mines, pour lesquelles il y aura un arrangement spécial.[7]

By a reading of the provision of the two texts as given above, in either text not only were settlements (or "zones" as Japan claimed) not contemplated, but also even land for trade and residence was not mentioned. What the land was referred to was only land "for the construction, operation and protection of the railway," as well as land "in the vicinity of the line necessary for procuring sand, stone, lime, etc." As regards administration, in the provision of the Chinese text there was no such term found. As in the French text, "administration" could only refer to business and non-governmental administration and, in reality, the French word "administration" is commonly used of business management. Moreover, it is evidently that the right of business administration or management was only applied to "the land actually needed by the said Company for the construction, operation and protection of the railway" as well as "the land in the vicinity of the line necessary for procuring sand, stone, lime, etc.," not to any other forms of land. Furthermore, a reading of the whole Sino-Russian Contract of 1896 deprives Article VI of all semblance of referring to a political administration.

With reference to the view that the administration contemplated by Article VI was simply business administration, the American Secretary of State, in the note of November 6, 1909 communicated to Russia when the Harbin Settlement of the Chinese Eastern Railway was being organized, said,

> The administration by the Railway Company of its leased lands provided for in Article VI of the contract can

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[7] *Treaties, Conventions, etc., between China and Foreign States*, Vol. I, p. 208.

> refer only to such business administration as may be necessary to the "construction, exploitation and protection" of the railway, these being the objects expressly mentioned in the article for which lands were granted by China.
>
> This was, without doubt, the understanding of China as evidenced by the Chinese translation of Article VI and by the protest of the Chinese Government against the attempts by the Railway Company to administer the municipal Government at Harbin.[8]

The statement of the American Secretary of State had precisely done its all and left nothing to add.

3. The Administrative Rights along Antung-Mukden Railway

Since Article VI of the Sino-Russian Contract of 1896 referred only to the main line of the South Manchuria Railway, there was still not any reason for Japan to operate settlements along its branch lines or even to claim right of administration therein. As to the Antung-Mukden Railway originally built by Japan as military line during the Russo-Japanese War without reference to China, Mr. L. Lawton expressed the view that

> . . . the land required for the purposes of the railway [Antung-Mukden Railway] including cultivated areas was ruthlessly seized without compensation of any kind being paid, and where houses stood in the way inhabitants were evicted and their property demolished.[9]

Later, the railway was also improved by Japan secretly and independently in violation of the Additional Agreement attached to Sino-Japanese Peking Treaty of 1905.[10]

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[8] U. S. Dept. of State, *Foreign Relations of the United States*, 1910, pp. 219-220.

[9] Lancelot Lawton, *Empires of the Far East* (2 vols.; London: G. Richards, Ltd., 1912), pp. 1237-1238.

[10] Cf. *post*, Chap. XIV, pp. 215-217.

As soon as the improvement was completed, Japan stationed her guards and police and operated settlements along the line.[11] On this point Dr. C. Walter Young wrote:

> In conclusion, it may be said that the legal basis for the exercise by Japan of administrative authority over the railway municipalities along the Antung-Mukden line is quite distinct from that for the main line of the South Manchuria Railway or the branch line to Yingkow [Yinkou]. The original 1896 and 1898 railway contract agreements for the construction of the Chinese Eastern have no direct application to the Antung-Mukden line at all, as the latter line was never in the possession of the Russians. The opinion may, therefore, be ventured that, from a strictly legal point of view, the Chinese Government are entitled, unencumbered by formal commitment to the contrary, to raise the question whenever the opportunity again presents itself.[12]

The claim of operating the settlements and the exercise of political administration by Japan along the Antung-Mukden line not only violated the Sino-Japanese Peking Treaty of 1905 and the Additional Agreement annexed to it, but also infringed upon China's sovereignty.

4. Other Rights

The scope of Japanese administration in the railway settlements was as wide as in a concession. Besides the stationing of troops[13] and the setting up of police jurisdiction,[14] Japan also took over the functions pertaining to engineering, sanitation, education,[15] administration

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[11] Cf. *post*, Chaps. XI and XII.

[12] C. Walter Young, *Japanese Jurisdiction in the South Manchuria Railway Areas* (Baltimore: The Johns Hopkins Press; London: Oxford University Press, 1931), pp. 194-195.

[13] Cf. *post*, Chap. XI.

[14] Cf. *post*, Chap. XII.

[15] Cf. *post*, Chap. XV.

of justice,[16] posts and telegraphs,[17] taxation, etc. In addition, the South Manchuria Railway Company secured control over those mines that lay within twenty miles from the South Manchuria Railway through the Sino-Japanese Treaty of September 4, 1909.[18] Chinese soldiers and armed police could not pass through the settlements of South Manchuria Railway and other Japanese-operated lines without Japanese permission. Furthermore, Japanese nationals claimed the right to lease lands permanently in the vicinity of the South Manchuria Railway and other Japanese-operated lines. More than this, Japanese authorities even imposed various kinds of restrictions against the people of other nationalities in towns the Chinese Government did not yet declare open for trade, thus regarding these towns as their own possessions.

With regard to the taxation, the British and French authorities in their respective concessions in Tientsin did not interfere with the Chinese authorities in the collection of business tax. But in the Japanese railway settlements and in the Japanese-owned mining areas the Chinese authorities were not permitted to levy and collect taxes from either Chinese or Japanese residents. With the result, Japan exercised all administrative functions, including taxations, in these places. China, as an independent sovereign nation, should have enjoyed the right to impose taxes upon and collect taxes from all Chinese and foreigners residing in her territory. In a word, Japan's arbitrary assumption of political administration in the railway settlements constituted a most glaring case in which China's territorial and administrative integrity was seriously violated.[19]

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[16] Cf. *post*, Chap. XIII.

[17] Cf. *post*, Chap. XIV.

[18] MacMurray, *op. cit.*, p. 790.

[19] For further study of Japanese railway settlements, see Hsu, *op. cit.*, pp. 142-159.

CHAPTER XI

THE RIGHTS OF STATIONING TROOPS ALONG THE RAILWAY AREAS

THE Kwantung Army headquarters was established by the Imperial Ordinance No. 94, April 12, 1919.[1] It was situated at Port Arthur, later moved to Changchun after the Mukden Incident, and a Lieutenant-General, later the Ambassador after the establishment of "Manchukuo," was appointed to the post of Commander of the Kwantung Army and was under the direct command of the Japanese Emperor. He commanded over all the troops stationed in the Kwantung Leased Territory and railway areas and many other places in Manchuria and Eastern Inner Mongolia. According to investigation made in August 1931 by the authorities of Manchuria, the total number of the Japanese troops stationed in the South Manchuria Railway areas was 24,677 men and officers, made up of 5,400 railway guards, 1,860 aviation men, 1,937 gendarmes, 720 plain-clothes police, and 14,760 regular army men and officers,[2] coupled with their army storehouses and numerous strongholds erected at strategic places. It can readily be seen that Japan had already placed Manchuria under her military domination even before the outbreak of the Mukden Incident on September 18, 1931.

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[1] J. V. A. MacMurray (ed.), *Treaties and Agreements with and concerning China, 1894-1919* (2 vols.; New York: Oxford University Press, 1921), p. 569.

[2] V. K. Wellington Koo, *Memoranda Presented to the Lytton Commission* (3 vols.; Baltimore, Maryland and New York: J. H. Furst Co., 1932), p. 567.

1. The Stationing of Railway Guards

In regard to the stationing of railway guards who were, in fact, regular Japanese troops, it was originally based on Article II of the Additional Agreement annexed to the Sino-Japanese Peking Treaty of December 22, 1905. This Article reads as follows:

> **In view of the earnest desire expressed by the Imperial Chinese Government to have the Japanese and Russian troops and railway guards in Manchuria withdrawn as soon as possible, and in order to meet this desire, the Imperial Japanese Government, in the event of Russia agreeing to the withdrawal of her railway guards, or in case other proper measures are agreed to between China and Russia, consent to take similar steps accordingly. When tranquility shall have re-established in Manchuria and China shall have become herself capable of affording full protection to the lives and property of foreigners, Japan will withdraw her railway guards simultaneously with Russia.** [3]

By a reading of the foregoing provision it is clear that Japan realized then that she did not have any right to station railway guards in the railway areas because China never conferred on her such right. But Japan contended that the maintenance of her railway guards was necessitated by the general instability which endangered the lives and property of foreigners. This precautionary measure could only be regarded as a temporary expedient in the moment of a post-war (Russo-Japanese War) situation. But such a post-war situation had long ceased to exist in Manchuria. In 1907 the conditions in Manchuria already became tranquil and the lives and property of foreigners were no longer placed in jeopardy. Moreover, Russia had formally given up her claim to maintain the guards. In 1918 Russia completed her

[3] MacMurray, *op. cit.*, p. 549. (See Appendix E, 2.)

withdrawal of the guards and China then took over the right of patrolling the Chinese Eastern Railway.[4]

With reference to the railway guards we have to go back to have a study of the Sino-Russian Contract of September 8, 1896 which Japan had in the Sino-Japanese Peking Treaty of 1905 pledged herself to observe when the transfer of the southern branch of the Chinese Eastern Railway from Changchun to Port Arthur to her by Russia had been consented by China. In Article V of the Sino-Russian Contract of 1896 it was provided:

> **The Chinese Government will take measures to assure the safety of the railway and of the persons in its service against any attack.**[5]

This provision clearly stipulated that China reserved her right to give protection to the railway and its employees. Furthermore, in Article III of the Russo-Japanese Portsmouth Treaty of 1905 Japan and Russia mutually engaged, with the exception of the Kwantung Leased Territory, "to evacuate completely and simultaneously from Manchuria" and "to restore entirely and completely to the exclusive administration of China all portions of Manchuria now in the occupation or under the control of the Japanese or Russian troops."[6] Meanwhile in Article I of the Additional Articles annexed to the said Treaty it was, however, provided:

> **The High Contracting Parties reserve to themselves the right to maintain guards to protect their respective railway lines in Manchuria. The number of such guards shall not exceed fifteen per kilometer and within that maximum number, the Commanders of the Japanese and Russian Armies shall, by common accord, fix the number**

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[4] League of Nations, *Report of the Commission of Enquiry* (Geneva, 1932), p. 52.

[5] MacMurray, *op. cit.*, p. 74. (See Appendix A.)

[6] *Ibid.*, p. 522. (See Appendix D, 1.)

> of such guards to be employed, as small as possible having in view the actual requirements. [7]

But this was the agreement made only between Japan and Russia. In Article I of the Sino-Japanese Peking Treaty of 1905 China gave her formal consent only to Articles V and VI of the Portsmouth Treaty; while Articles I and II of the Additional Agreement annexed to the said Sino-Japanese Peking Treaty only provided for the evacuation of troops in Manchuria, and no least reference was made to Article I of the Additional Articles attached to the Portsmouth Treaty. It is perhaps that Japan and Russia had themselves arrived at some definite understanding as to the question of railway guards.

On the other hand, it is true that from the standpoint of the internal organization of the South Manchuria Railway the Antung-Mukden line was but a branch line. But the Antung-Mukden line was built by Japan not by Russia. It was built in the time of Russo-Japanese War as a military line by Japan without reference to China, rebuilt by Japan after the Russo-Japanese War. Furthermore, according to the Portsmouth Treaty of 1905 and the Sino-Japanese Peking Treaty of 1905, it was restricted to the Railway from Changchun to Port Arthur and its branch lines, not including the Antung-Mukden line. Moreover, in the year of 1909 China replied the Japanese ultimatum of August 6, that "no extention of military control of patrolling of railways in Manchuria would be permitted" and that "the Chinese Government would furnish police for guarding the line." [8] And Mr. L. Lawton stated to the following effect:

> The issue solely depends upon the question as to whether or not the line can be regarded as a branch of the

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[7] *Ibid.*, p. 525. (See Appendix D, 2.)

[8] For the text of the Chinese reply, see E. J. Harrison, *Peace or War East of Baikal?* (Yokohama: Kelly & Walsh, 1910), pp. 533 ff.

> South Manchuria Railway. It must be remembered that its construction was originally undertaken without reference to China, through whose territory it passed, and that when Russia ceded to Japan the South Manchuria Railway with all its branches she could not, of course, have included the Antung-Mukden line, for it did not belong to her. Japan exacted a concession for the railway from China in the Agreement of 1905, but the article bearing on the subject made no mention of it as a branch line of the South Manchuria system, nor was there any reference to the question of railway guards and administrative rights. In this, as in many other instances vitally affecting the sovereign rights of China, Japan having arrogated to herself certain privileges, pretends that she is both pained and surprised when asked for an explanation, and the only reply that she can vouchsafe at the moment takes the form of an indignant accusation of wilful obstruction on the part of the Peking Government. [9]

Therefore, for Japan to maintain administration in the railway areas of Antung-Mukden line, patrol the line with railway guards, and furthermore erect forts along its strategic points, there was no treaty basis.

As to Article II of the Additional Agreement attached to the Sino-Japanese Peking Treaty of 1905 providing that "in the event of Russia agreeing to the withdrawal of her railway guards or in case other proper measures are agreed to between China and Russia," Japan would "consent to take similar steps accordingly," [10]

> . . . the Chinese Government contended that this was merely declaratory of a *de facto* situation (*post bellum* situation) of a provisional character and that it could not be said to confer a right, especially of a permanent character. [11]

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[9] Lancelot Lawton, *Empires of the Far East* (2 vols.; London: G. Richards, Ltd., 1912), p. 1243.

[10] MacMurray, *op. cit.*, p. 549. (See Appendix E, 2.)

[11] League of Nations, *loc. cit.*

In accordance with the said Article, Japan should have been to have withdrawn her railway guards because of Russia's withdrawal of her military guards from the Chinese Eastern Railway, though she had negotiated secret treaties with Russia to prevent Russia from withdrawing Russian guards since the conclusion of Portsmouth Treaty of 1905. What justification could Japan advance for the continued presence of her railway guards in Manchuria? So it follows that Japan had neither the right, nor a claim, nor even a pretext to maintain her railway guards in Manchuria. The conditions contained in Sections 1 and 2 under Article II of the Additional Agreement annexed to the Sino-Japanese Peking Treaty of 1905 providing for the withdrawal of the Japanese railway guards had been fulfilled with the conclusion of the Sino-Russian Agreement of October 2, 1920 and the Sino-Russian Agreement of May 31, 1924 on general principles for the settlement of questions between them. The former one provided that the Chinese Government, in the exercise of its sovereign rights, ought to assume full responsibility for the maintenance of order in the railway areas in the interest of international traffic, and for the effective protection of the Chinese Eastern Railway. [12] In Article IX of the latter one it was stated:

> **The Governments of the two Contracting Parties declare that the Chinese Eastern Railway is a purely commercial enterprise.**
>
> **The Governments of the two Contracting Parties mutually declare that, with the exception of matters pertaining to the business operations which are under the direct control of the Chinese Eastern Railway, all other matters affecting the rights of the national and the local governments of the Republic of China — such as judicial matters, matters relating to civil administration, military administration, police, municipal government, tax-**

[12] *Manchuria, Treaties and Agreements* (Washington: Carnegie Endowment for International Peace, 1921), p. 210.

> ation, and landed property (with the exception of lands required by the said railway)—shall be administered by the Chinese Authorities.[13]

As regards the interpretation of Section 2 under Article II of Additional Agreement annexed to the Sino-Japanese Peking Treaty of 1905 providing that

> . . . When tranquility shall have been re-established in Manchuria and China shall have become herself capable of affording full protection to the lives and property of foreigners, Japan will withdraw her railway guards simultaneously with Russia,

there should not have been any question since normal peaceful condition had been fully restored by the year of 1907. During the time when China took the duties of patrolling the Chinese Eastern Railway there had not a single instance in which the lives and property of foreigners had been in jeopardy. Take another instance, the Peiping-Liaoning (Peiping-Mukden) Railway a Chinese government-owned line, which was close to the South Manchuria Railway and was under Chinese management and protection. From the time when it was open to traffic up to the Japanese military coup of September 18, 1931—a period of twenty-four years—nothing untoward had happened to the line. Again, take the case of the Kirin-Chanchun line, also under Chinese control and protection. For the last twenty years of its operation the line had not encountered any unpleasant incidents. These instances served to show that the Chinese Government was fully capable of affording protection to the lives and property of foreigners and that there was no necessity for Japan to station military guards along the South Manchuria Railway. On the other hand, Japan herself had even recognized Manchuria under

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[13] American Society of International Law, "Supplement," *American Journal of International Law*, Washington, Vol. XIX, 1925, pp. 55-63.

Chinese administration the safest land in the world. Immediately before the outbreak of Mukden Incident on September 18, 1931, when the South Manchuria Railway was trying to borrow money from Morgan and Company in New York, and the Morgans apparently expressed some anxiety about the peace and order in Manchuria, Japan quickly declared that Manchuria under the control of Marshal Chang Tso-lin and his son, Young Marshal, was the safest and most prosperous spot in the world.[14] This being the case, how much less could the bare act of maintaining the guards be regarded as the legal basis of Japan's right of military administration in the railway settlements. During the Versailles Peace Conference in 1919, and again at the Washington Conference in 1921, the Chinese delegation had demanded of Japan the withdrawal of her troops from the South Manchuria Railway areas. At the Washington Conference the Chinese delegation stated that with the continued presence of Japanese troops "China may never have an opportunity to show that she is capable of affording protection to the lives and properties of foreigners" and that "the mere presence of Japanese troops themselves makes for friction with the natives and arouses, other than allays, disorders throughout the adjacent districts."[15] On this point Mr. L. Lawton stated to the following effect:

> It cannot be denied that China was within her right in seeking an early solution of the question of railway guards and policing. The maintenance of her integrity and the preservation of her sovereignty, guaranteed to her in the terms of innumerable treaties, are directly involved in the issue. That no settlement has yet been reached is alone due to the procrastination of Japan.
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> As far as the problems of South Manchuria are con-

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[14] *The China Weekly Review* (otherwise *Millard's Review*), American paper published in Shanghai, Vo. LXXIV, No. 11 (Nov. 16, 1935), p. 367.

[15] U. S. Dept. of State, *Conference on the Limitation of Armament* (Washington: Government Printing Office, 1922), pp. 986-998.

> cerned, Japan has everything to gain by delay. She is in the fortunate position of the tenant in possession, a tenant, moreover, who refuses to his rent because he knows that the landlord of the property is not strong enough to evict him. When, however, public opinion, as expressed by the Powers, shows disapproval of her conduct, she either points to the wicked ways of her next door neighbor, Russia or else makes a mere pretence of meeting all her outstanding obligations.[16]

Therefore the continued presence of Japan's railway guards not only flagrantly encroached upon China's territorial and administrative sovereignty, and violated the treaties concluded between China and Japan, but also was a constant source of difficulties between the Japanese and the local administration.

2. Interferences Outside the Railway Areas

In addition, in the course of the negotiations for the conclusion of the Sino-Japanese Peking Treaty of 1905 the Japanese delegate had formally declared that

> . . . the railway guards stationed between Changchun and the boundary line of the leased territory of Port Arthur and Talienwan [Dairen] shall not be allowed, before their withdrawal, to unreasonably interfere with the local administration of China or to proceed without permission beyond the limits of the railway.[17]

The binding force of the declaration relating to the "railway guards" might not be doubted, as the subject matter of these declarations was stipulated in the Peking Treaty of 1905 itself. However, from 1905 Japan eventually made use of these guards for police purposes outside the Railway areas. This operation was unjustifiable in law. Upon this issue it is stated in the Lytton Report as follows:

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[16] Lawton, *op. cit.*, p. 1244.

[17] Koo, *op. cit.*, p. 211.

> These guards were regular Japanese soldiers and they frequently carried their police functions into adjoining districts or conducted manoeuvers outside the railway areas with or without the permission of, and with or without notification to, the Chinese authorities. These acts were particularly obnoxious to the Chinese, officials and public alike, and were regarded as unjustifiable in law and provocative of unfortunate incidents.
>
> Frequent misunderstandings and considerable damage to Chinese farm crops resulted from the manoeuvers, and material remuneration failed to alleviate the hostile feelings thus aroused.[18]

With the result, unpleasant and grave incidents were continuously repeated. Mr. C. Walter Young stated that, "there is, in fact, a long list of innocent civilians who have been injured or killed since 1906 as a result of this system of policing the South Manchuria Railway Areas."[19] As in the Chengchiatun Incident of January, 1916 ("This incident would not have taken place had Japan not brought the Mongolian bandits into Manchuria"),[20] the Japanese railway guards went further to interfere with the affairs beyond the areas of the South Manchuria Railway. Consequently, Japan, in disregard of her undertaking given in the Sino-Japanese Agreement of January 22, 1917 providing for the withdrawal of her military detachment, stationed one company of her railway guards at Chengchiatun on the pretext of affording protection to her military telephone. This was not only a violation of the Treaties concluded between China and Japan—as she had no right to station troops

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[18] League of Nations, *op. cit.*, p. 52.

[19] C. Walter Young, *Japanese Jurisdiction in the South Manchuria Railway Areas* (Baltimore: The Johns Hopkins Press; London: Oxford University Press, 1931), p. 261.

[20] Baron Shimpei Goto, *The Activities of Japanese Nationals and Troops in Manchuria and Mongolia*, cited by V. K. Wellington Koo. *op. cit.*, p. 367. For the story of the Incident, *vide*, "Appendix," *Ibid.*, pp. 363-367; cf. *post*, Chap. XIX, pp. 265-268.

at Chengchiatun far away north of the South Manchuria Railway line—but also an infringement upon China's sovereign rights. Coupled with the notorious Chengchiaun Incident the Japanese railway guards had committed numerous illegal activities outside the railway areas, such as maltreatment and arrest of Chinese in many cases resulting in their death, the armed attack on Chinese Administration buildings and the affront offered to Chinese officials, the staging of sham fights to the consternation of Chinese inhabitants and the serious damages to crops, the destruction of Chinese railway tracks, and the instigation of Chinese bandits to disturb local peace and order.[21] Finally, the military coup of September 18, 1931 was also engineered and put through by the Japanese railway guards. To give more evidence of this Mr. Stanley K. Hornbeck wrote as follows:

> One of the chief causes for complaints made against Japanese methods both by the foreigners who live in Manchuria and by the Chinese, and perhaps foremost among the causes of personal clash and official controversy, has been the officiousness and brutality of the [Japanese] police and soldiers. The Japanese have full administrative control, including exclusive police jurisdiction, within the Railway Zone; at the same time they frequently and without hesitation encroach upon Chinese rights outside the Zone. Thus, for instance, Japanese soldiers pass freely under arms throughout the regions adjoining the Railway Zone, while Chinese police and soldiers are only on rare occasions and after obtaining express permission from the Japanese allowed to enter the Zone.
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> It is from the Japanese police, however, and from Chinese detectives in their employ, that trouble usually comes. A huge list could be made of instances which have been reported during the past ten years, and it is well known that a great many instances never attain pub-

[21] Koo. *op. cit.*, pp. 568-582.

> licity. The notorious incident which occurred at Changli, just outside of Manchuria and on undisputed Chinese soil, in September 1913, was reported beyond the confines of the Far East. Here, as a result of a quarrel between a soldier of the Japanese railway guard and a Chinese fruit-vendor, the former refusing to pay the latter for wares he was consuming, Japanese guards set upon and killed five Chinese policemen. The investigation which followed showed that the Japanese were clearly the aggressors and had acted with wanton brutality.[22]

Again, Mr. Robert M. Duncan in his introduction written for Shuhsi Hsu's *Essays on the Manchurian Problem* said:

> In the Chinese view there was no adequate treaty basis for the maintenance by Japan of troops (as railway guards) in the vicinity of Mukden and elsewhere in the South Manchuria Railway areas. Nevertheless Japan had maintained them there since the Russo-Japanese War, and their presence in these areas, whether justified by treaty law or not, unquestionably facilitated the rapid extension of the Japanese occupation and made possible the argument that direct aggression did not take place. When hostilities were initiated it was unnecessary for the Japanese to cross a political frontier, for their troops were already on the spot in sufficient numbers to precipitate the conflict providing the Chinese should resist, and to follow up their advantage in case the Chinese should not resist.[23]

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[22] Stanley K. Hornbeck, *Contemporary Politics in the Far East* (New York and London: D. Appleton and Company, 1916), pp. 269-270.

[23] Shuhsi Hsu, "Introduction" by Robert M. Duncan, *Essays on the Manchurian Problem* (Shanghai: China Council, Institute of Pacific Relations, 1932), p. xix.

CHAPTER XII

POLICE RIGHTS OUTSIDE THE KWANTUNG LEASED TERRITORY

THE police administration both inside and outside the Kwantung Leased Territory was placed under the direct control of the Japanese Kwantung Government. A Police Department was set up in the Japanese Kwantung Government and constituted the highest police administrative organ in Manchuria. The Chief of the Police Department was an appointee of the Japanese Emperor. The Japanese Consuls stationed outside the Kwantung Leased Territory were concurrently administrative officers of the Kwantung Government, and therefore all the police officers outside the Kwantung Leased Territory were placed directly under their supervision.

1. Police in the Railway Areas

There was no legal basis for the assumption by Japan of police jurisdiction outside the Kwantung Leased Territory—in the railway areas, the Japanese Consulates and other places. This arbitrary step constituted a flagrant infringement upon China's territorial sovereignty and administrative integrity. China had repeatedly filed strong protests, but Japan invariably ignored them.

Japan's claim for the exercise of police rights in the railway areas allegedly rested in Article VI of the Sino-Russian Contract of September 8, 1896 providing that "the Company [Chinese Eastern Railway Company] will have the absolute and exclusive right of administration

of its lands."[1] But the correct interpretation of the full text of the said Article, if examined carefully with reference to the French text, was that the "administration" referred to the management of affairs concerning the railway and did not include the right of police administration. It would be more clear had we read the Chinese text of that Article. The wording, "under the sole management of the Company," which appeared in the Chinese version, could never be construed as having conferred on the Company the exercise of police right.

Let us look back. Japan, under Article II of the Sino-Japanese Peking Treaty of December 22, 1905, had committed herself to abide by the Sino-Russian Contract of 1896 concerning the Chinese Eastern Railway and the Sino-Russian Convention of 1898 relating to the Kwantung Leased Territory. Thus, we see, in Article V of the Sino-Russian Contract of 1896 it was provided that

> The Chinese Government will take measures to assure the safety of the railway and of the persons in its service against any attack.
>
> . . . . . .
>
> Criminal cases, lawsuits, etc., upon the territory of the railway, must be settled by the local authorities in accordance with the stipulations of the treaties.[2]

Again, according to Article VIII of the Sino-Russian Convention of 1898, it was specifically provided that the concession for the construction of a branch line between Changchun and Port Arthur "shall never under any form serve as a pretext for the seizure of Chinese territory or for an encroachment on the sovereign rights of China."[3] In the light of these two provisions it was clear

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[1] J. V. A. MacMurray (ed.), *Treaties and Agreements with and concerning China, 1894-1919* (2 vols.; New York: Oxford University Press, 1921), p. 74. (See Appendix A.)

[2] *Ibid.*

[3] *Ibid.*, p. 119. (See Appendix B, 1.)

that Japan had ignored her treaty obligations and encroached upon China's sovereign rights by setting up police administration in the railway areas.

As regards the case of Russia, as provided in Articles V and VIII of Sino-Russian Contract of 1896 she was not to enjoy the special privilege of stationing troops or setting up police administration in China's territory, and China alone had the sole right of police administration over the Railway. However, Russia twisted its interpretation to her own purpose and illegally took over the police administration along the Chinese Eastern Railway areas through an Imperial Ukase of December 4, 1896 concerning the Statutes of the Chinese Eastern Railway Company,[4] until the year 1918 when the police administration along the Chinese Eastern Railway areas was restored to China. Later in Article IX of the Sino-Russian Agreement of May 31, 1924, Russia declared the police matter along the Chinese Eastern Railway areas to be administered by the Chinese authorities.[5] Such being the case, what would be the justification for Japan to still claim the police administration in her railway areas?

According to Article IV of the Sino-Russian Additional Agreement of May 7, 1898 defining the boundaries of the leased and neutralized territories in the Liaotung Peninsula, it was provided that "the administration and police of the City of Kinchow shall be Chinese," but "the Chinese troops will be withdrawn from Kinchow and replaced by Russian troops."[6] However, as soon as Japan succeeded Russia in Kinchow after the Russo-Japanese War she violated the provisions of the said Article by setting up a Civil Affairs Department and arrogating to herself the right of police administration. Up to the day of

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[4] *Ibid.*, p. 84.

[5] American Society of International Law, "Supplement," *American Journal of International Law*, Washington, Vol. XIX, 1925, pp. 53-56.

[6] MacMurray, *op. cit.*, p. 127. (See Appendix B, 2.)

her unconditional surrender in 1945, Japan had continuously exercised the right of police administration in Kinchow.

2. Consular Police

In addition to the civil or municipal police in the railway settlements or areas, there were the so-called consular police attached to the Japanese consulates in Manchuria. There was not only no treaty basis for such a step but it was a violation of international law. As stated in international law, the primary obligation of a consulate is to look after the commercial interests and the welfare of its own nationals. There is no precedent in international law where a consulate can freely exercise the right of police administration, and, with the exception of the Japanese consulates, no other foreign consulates in Manchuria had set up consular police. It was "contrary to the general practice of countries having extra-territorial treaties."[7] Besides, Japan established consulates at any place in Manchuria and Eastern Inner Mongolia as she chose without observing the treaty provisions only by which, according to international law, one country may have the right to establish consulates in another country. For instance, the Japanese consulates were forcibly established at Linkiang, Taonan and Tahushan without China's consent. Meanwhile, where there was Japanese consulate, there was Japanese consulate police.

The Japanese Government began to station consular police in Yenki region or otherwise the Chientao region (situated far beyond South Manchuria) immediately after the conclusion of the Sino-Japanese Chientao Agreement of September 4, 1909, and made increase of its number in 1920 under the cover of the Hunchun Incident. But

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[7] League of Nations, *Report of the Commission of Enquiry* (Geneva, 1932), p. 53.

Article II of this agreement provided only that the Japanese Government might establish Consular officers or branch offices of consulates at certain trading places in Yenki region.[8] No provision was made to authorize the Japanese Government to station consular police in these trading places. Since then, especially after the Peking Treaty of 1915 and after the Chengchiatun Incident Agreement of 1917, the Japanese Government had continued to maintain and increase such police in South Manchuria and some other places outside South Manchuria. Japan justified her claim of such right as a "corollary of the right of extraterritoriality."[9] In this, it may be added, Japan had even gone beyond the provisions of the Peking Treaty of 1915 concluded on the terms of the Twenty-One Demands. Moreover, there were also set up in a few Japanese consulates the police directly under the jurisdiction of the Japanese Ministry of Foreign Affairs, such as at Tunhua, Nonang, Luhtao and Hailung.[10] This was another instance of Japanese encroachment upon China's administrative integrity. On December 16, 1929, the Chinese Foreign Office addressed a memorandum to the Japanese Chargé d'Affaires demanding the withdrawal of the Japanese consular police from China on the ground that their presence in China was prejudicial to her administrative integrity and furnished dangerous possibilities for disputes between China and Japan thus making the relations between the two countries strained more than ever. But Japan's answer made no single word upon this subject.[11]

3. Police Boxes

Besides establishing police administrations in the

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[8] MacMurray, *op. cit.*, p. 796.

[9] *Ibid.*, p. 1350.

[10] V. K. Wellington Koo, *Memoranda Presented to the Lytton Commission* (3 vols.; Baltimore, Maryland and New York: J. H. Furst Co., 1932), pp. 587-588.

[11] *Ibid.*, p. 592.

Kwantung Leased Territory and the railway areas and by the Japanese consulates, Japan, with pretexts one after another, set up police boxes at various localities in Manchuria and Eastern Inner Mongolia. Again, there was no such precedent in international relations and it constituted a flagrant infringement upon China's independence, and territorial and administrative integrity.

In 1916 and 1917 on the pretext of Chengchiatun Affair Japan illegally demanded of China the right of establishing additional stations for Japanese police officers at any place in Manchuria and Eastern Inner Mongolia where Japan might consider it desirable through the Aide Mémoire of October 18, 1916[12] and the Note Verbale of January 5, 1917[13] handed by Japanese Minister at Peking to the Chinese Minister of Foreign Affairs. Concerning this illegal demand, perhaps we can best let the Chinese Government itself answer. Replying to this demand, the Chinese minister of Foreign Affairs had the following to say in a note of 1917 to the Japanese Minister at Peking:

> Since the reason in support of the Japanese proposal to station police officers was with a view to protect and control Japanese subjects, but as there are already treaty provisions, there is no necessity to station Japanese police officers so as to avoid conflict with the Chinese police rights.
>
> As the several principal functions of the Japanese police officers, detailed in the aide mémoire of October 18th last, are those either which should properly belong to the Chinese police, or those which are provided for by the existing treaties or those which are the duties of the constables (marshals) of consular courts, there is no necessity for the establishment of a Japanese police force, hence the question of police cannot be associated with extra-territoriality and the Chinese Government cannot

[12] MacMurray, *op. cit.*, p. 1347.

[13] *Ibid.*

recognize it as a corollary (of the right of extra-territoriality). Ever since the conclusion of extra-territoriality treaties between China and the foreign powers for several decades, no such claim has ever been heard.

Although the Japanese Minister has repeatedly declared that the said police would not interfere with Chinese local administration and police rights, yet after serious consideration by the Chinese Government the stationing of foreign police within the confines of Chinese territory, no matter under whatever circumstances, is prejudicial to the spirit and form of Chinese sovereignty tending to cause misunderstanding on the part of the people, thus placing an impediment to the friendship of the two nations.

As regards the Japanese police stations already established the Chinese Government and the local authorities have repeatedly lodged their protests and have not accorded their recognition, nor is the Chinese Government able to admit the reasons for the stationing of the Japanese police officers as stated on the Note Verbale.[14]

Consequently, in spite of Chinese protests, Japan established her police stations everywhere she liked throughout Manchuria and Eastern Inner Mongolia. On this point Mr. W. W. Willoughby wrote:

> It would seem beyond argument that Japan, in the position which she has thus taken in the matter of police boxes, has acted not only without express treaty authority, but has claimed a right which is not involved in the general principles of extra-territoriality as it exists in China,—indeed, one that is in absolute contradiction to it.[15]

Since the declaration made by Japan at the Washington Conference of 1922 to withdraw the police agents from the Chinese soil, the authorities of Manchuria had

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[14] *Ibid.*

[15] W. W. Willoughby, *Foreign Rights and Interests in China* (rev. ed.; Baltimore: The Johns Hopkins Press, 1927), p. 594.

tried every means within their power to protect the lives and property of foreign residents. They had, on the whole, succeeded in giving as adequate and effective protection to foreign residents as to Chinese subjects. In spite of her avowed declaration at Washington and the improved security situation in Manchuria, Japan refused to withdraw her police from Manchuria. In the result, the Japanese police repeatedly interfered with the administrative functions of the local Chinese governments, and committed all kinds of evils, such as putting Chinese to death under barbarous circumstances, riding roughshod over the sovereign rights of China, disturbing peace and order, giving protection to bandits and other undesirable elements, offering affront to Chinese officials, etc.[16]

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[16] *Vide*, Koo, *op. cit.*, pp. 588-591, 594-597.

CHAPTER XIII

JUDICIAL RIGHTS IN MANCHURIA

TO begin with, it was the Sino-Japanese Treaty of Commerce and Navigation of July 21, 1896 which had conceded consular jurisdiction to Japan. But in 1908 by an Imperial Ordinance the Japanese consular courts were limited only to take charge of minor cases, while the cases of heinous crimes were transferred to the courts of Kwantung Leased Territory. This meant that the jurisdiction of the courts in the Kwantung Leased Teriritory did so much as beyond the limits of the Leased Territory. Inasmuch as the Japanese tried to exercise jurisdiction over their nationals in those districts which were not opened to foreign trade, the jurisdiction of the courts in the Leased Territory actually extended to interior districts of Manchuria and Eastern Inner Mongolia. More than this, Japan completely put Kinchow under her jurisdiction. Of that city as provided in the Sino-Russian Additional Agreement of May 7, 1898 China should have retained the rights of administration and police.[1] As in such case, Japan had altogether disregarded China's sovereign rights and independence.

1. Jurisdiction over Chinese People

In addition, Japanese courts in the Leased Territory and railway areas had indiscriminately exercised a jurisdiction not only over their own nationals but also over

[1] J. V. A. MacMurray (ed.), *Treaties and Agreements with and concerning China, 1894-1919* (2 vols.; New York: Oxford University Press, 1921), p. 127. (See Appendix B, 2.)

Chinese. Besides infringing on Chinese sovereign rights this was also a violation of treaty engagements. Of the Sino-Japanese Treaty of Commerce and Navigation of July 21, 1896, Articles XXI and XXII read as follows:

> **Article XXI. Mixed cases.—If the Chinese Authorities or a Chinese subject make any charge or complaint of a civil nature against Japanese subjects or in respect of Japanese property in China, the case shall be heard and decided by Japanese Authorities.**
>
> **In like manner all charges and complaints of a civil nature brought by Japanese Authorities or subjects in China against Chinese subjects or in respect of Chinese property, shall be heard and determined by the Chinese Authorities.**
>
> **Article XXII. Crimes and offenses.—Japanese subjects charged with the commission of any crimes or offenses in China shall be tried, and, if found guilty, punished by the Japanese Authorities according to the laws of Japan.**
>
> **In like manner Chinese subjects charged with the commission of any crimes or offenses against Japanese subjects in China shall be tried, and, if found guilty, punished by the Chinese Authorities according to the laws of China.**[2]

Hence it followed that while China could not assume jurisdiction over a Japanese subject who was a defendant in a civil suit or accused in a criminal action, nor could the Japanese courts in the Leased Territory or the South Manchuria Railway areas exercise jurisdiction over Chinese residents in those regions either.

Japan's rights in the Kwantung Leased Territory acquired from the Portsmouth Treaty were entirely based on the Sino-Russian Convention of March 27, 1898. The terms of which Japan committed herself to respect were provided in the Sino-Japanese Peking Treaty of December 22, 1905. Article IV of the Sino-Russian Conven-

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[2] *Ibid.*, p. 68.

tion of 1898 contained the following:

> . . . Chinese inhabitants retain the right, as they may desire, either to remove beyond the limits of the territory leased by Russia or to remain within such limits without restriction on the part of the Russian authorities. In the event of a Chinese subject committing any crime within the limits of the leased territory, the offender will be handed over to the nearest Chinese authorities for trial and punishment in accordance with Chinese laws, as laid down in Article VIII of the Treaty of Peking of 1860.[3]

And Article VIII of the Treaty of Peking of 1860 reads as follows:

> . . . Toutes les affaires concernant les marchands de l'un et de l'autre empire sont examinées par eux de gré à gré; les crimes et délits doivent être jugés, comme il est réglé par l'Article VII du Traité de Tientsin, d'après les lois de l'Empire dont le coupable est sujet.
>
> Les litiges, revendications et autres malentendus de même nature, survenant entre marchands à propos d'affaires commerciales, seront réglés par les marchands eux-mêmes, au moyen d'arbitres choisis parmi eux; les Consuls et les autorités locales doivent se borner à coopérer à l'arrangement à l'amiable, sans prendre aucune responsabilité relativement aux revendications.
>
> En cas de recel d'un sujet russe parmi les Chinois, ou de sa fuite dans l'intérieur du pays, l'autorité locale, aussitôt après en avoir été informée par le Consul russe, prend immédiatement des mesures pour faire rechercher le fugitif, et aussitôt après l'avoir découvert le remet au Consulat russe. La même marche doit également être observée relativement à tout sujet chinois qui se cacherait chez des Russes ou se serait enfui en Russie.
>
> Dans les cas de crimes graves, tels que meurtre, brigandage avec de graves blessures, attentat contre la vie, incendie prémédité, etc., après enquête si le coupable est Russe, il est envoyé en Russie pour être traité selon les lois de son pays, et s'il est Chinois, sa punition lui

[3] *Ibid.*, p. 119 (See Appendix B, 1.)

> est infligée par l'autorité du lieu où le crime à été commis, ou bien, si les lois de l'Etat l'exigent, le coupable est envoyé dans une autre ville ou une autre province pour y recevoir son châtiment.
>
> En cas de crime, quelle qu'en soit la gravité, le Consul et le chef local ne peuvent prendre les mesures nécessaires que relativement au coupable appartenant à leur pays, et ni l'un ni l'autre n'a le droit d'incarcerer ni de juger séparément, et encore moins de châtier un individu non-sujet de son Gouvernement.[4]

This provision established beyond doubt the right of Chinese courts to exercise jurisdiction over those Chinese residents in the Leased Territory who were defendants in civil suit or accused in criminal action. Nevertheless, this right was practically usurped by the Japanese courts of the Kwantung Leased Territory. This usurpation constituted a violation of her treaty commitments as well as an infringement of China's sovereign rights, at the same time disregarding Article I of the Sino-Russian Convention of March 27, 1898 which reads:

> . . . This act of lease, however, in no way violates the sovereign rights of H. M. the Emperor of China to the above-mentioned territory [Leased Territory].[5]

As to the Japanese consular jurisdiction, no matter where it was exercised, in the railway areas or the inland districts of Manchuria, it was confined to cases involving Japanese subjects or where a Japanese was a defendant in a civil suit or an accused one in a criminal action. It was not applied to purely Chinese cases or where a Chinese was a defendant or an accused one. Jurisdiction in these cases should have been exercised by the Chinese courts. Article V of the Sino-Russian Contract of

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[4] *Treaties, Conventions, etc., between China and Foreign States,* second edition, published by order of the Inspector General of Customs (Shanghai, 1917), Vol. I, p. 101.

[5] MacMurray, *loc. cit.* (See Appendix B, 1)

September 8, 1896 contained the following provision:

> Criminal cases, lawsuits, etc., upon the territory of the railway, must be settled by the local authorities in accordance with the stipulations of the treaties.[6]

This provision made it clear that judicial rights in the railway areas should have been exercised by the Chinese authorities, so far as Chinese were concerned.

Moreover, the judicial rights as exercised by Russia by virtue of the Sino-Russian Contract of 1896 had already been renounced by Russia in the Sino-Russian Agreement of October 2, 1920[7] and restored to China. Again, in Article IX of the Sino-Russian Agreement of May 31, 1924 it was stated:

> The Governments of the two Contracting Parties mutually declare that, with the exception of matters pertaining to the business operations which are under the direct control of the Chinese Eastern Railway, all other matters affecting the rights of the National and the Local Governments of the Republic of China—such as judicial matters, matters relating to civil administration, military administration, police, municipal government, taxation and landed property (with the exception of lands required by the said railway)—shall be administered by the Chinese authorities.[8]

Since Japan's rights and privileges in the South Manchurian Railway, a part of the southern branch of the Chinese Eastern Railway, were derived from the Sino-Russian Contract of September 8, 1896, it followed that she had lost whatever treaty justification she might once

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[6] *Ibid.*, p. 74. (See Appendix A.)

[7] *Manchuria. Treaties and Agreements* (Washington: Carnegie Endowment for International Peace, 1921), p. 210.

[8] American Society of International Law, "Supplement," *American Journal of International Law*, Washington, Vol. XIX, 1925 pp. 55-63; *China Year Book, 1924-1925*, edited by H. G. W. Woodhead and published by *The Peking & Tientsin Times*, Tientsin, pp. 1192-1200. Cf. *ante*, Chap. XI pp. 192-193.

have had for the exercise of judicial authority in the railway areas, when Russia renounced hers.

2. Jurisdiction over Koreans

As regards the Japanese claim of jurisdiction over Koreans who resided in Chientao and other districts in Manchuria, it again constituted the violation of treaty stipulation and infringement of China's sovereign rights. Article IV of the Sino-Japanese Agreement of September 4, 1909 relating to the Chientao region says:

> **The Korean subjects residing on agricultural lands within the mixed residence district to the north of the River Tumen shall submit to the laws of China, and shall be amenable to the jurisdiction of the Chinese local officials. Such Korean subjects shall be accorded by the Chinese authorities equal treatment with Chinese subjects, and similarly, in the matter of taxation and all other administrative measures, they shall be placed on equal footing with Chinese subjects. All cases, whether civil or criminal, relating to such Korean subjects shall be heard and decided by the Chinese authorities in accordance with the laws of China, and in a just and equitable manner. A Japanese consular officer or an official duly authorized by him shall be allowed freely to attend the court, and in the hearing of important cases concerning the lives of persons, previous notice is to be given to the Japanese consular officers. Whenever the Japanese consular officers find that a decision has been given in disregard of law, they shall have right to apply to the Chinese authorities for a new trial to be conducted by officials specially selected in order to assure justice of the decision.[9]**

The above provision tells that the local Chinese authorities in the Chientao region were entitled to exercise jurisdiction over the Koreans there in civil and criminal cases and that the right of Japanese consular officers

[9] MacMurray, *op. cit.*, p. 796.

under this treaty was strictly confined to that of watching court proceedings to see whether the trials were conducted in accordance with law. But the facts were otherwise. The Japanese consuls in Chientao, not only in Chientao but also in all other districts where Koreans resided, by means of their own consular police, had constantly interfered with the administration of justice on the part of the Chinese authorities in cases involving Koreans in those districts.

With the results of Japan's encroachment on Chinese judicial rights in Manchuria or interference with Chinese judicial administration, there frequently occurred illegal cases in Manchuria every year. It was very often found that Japanese police broke into Chinese law courts, intimidated the judges and attempted to obstruct the course of justice in its proper channel. Furthermore the South Manchuria Railway areas were virtually the happy hunting-grounds of criminal elements. Japanese police not only shielded them but refused to hand over criminals who were known to have escaped to the railway areas after committing criminal offenses in Chinese territory. What was more than this, they frequently crossed into Chinese territory and arrested Chinese and tortured them. Cases of this sort occurred very often.

CHAPTER XIV

JAPAN AND THE COMMUNICATIONS IN MANCHURIA

AFTER acquiring the South Manchuria Railway from Russia in 1905, Japan, not contented with this main line, went further to build its branch lines independently without any reference to China and interfered invariably with the construction and administration of Chinese railways. For purpose of monopoly and manipulation of the Manchuria railway system to her own interests she cunningly forced China the railway loans to build the feeder lines of South Manchuria Railway. Coupled with this development, a great and complete communication network, including telegraph, telephone, radio, post, shipping, and flying, was steadily built within Manchuria, especially South Manchuria, in defiance of Chinese sovereignty.

1. The Building of Tashichiao-Yinkou Railway and Antung-Mukden Railway

According to Article III of the Sino-Russian Agreement of July 6, 1898 concerning the southern branch of the Chinese Eastern Railway, the Tashichiao-Yinkou railway was permitted to be built as a temporary branch line which should be removed within eight years from the date of its survey and determination and the appropriation of the land for its construction.[1] However, Japan

[1] J. V. A. MacMurray (ed.), *Treaties and Agreements with and concerning China, 1894-1919* (2 vols.; New York: Oxford University Press, 1921), p. 154. (See Appendix C.)

refused to remove it when the time for doing it came.[2] On September 4, 1909, when an agreement was signed between China and Japan, China was forced to agree that the Tashichiao-Yinkou railway should be "delivered up to China simultaneously with the South Manchuria Railway upon the expiration of the term of concession for that main line."[3]

As to the Antung-Mukden Railway, it was originally built as a light military railway by Japan during the Russo-Japanese War without reference to China.[4] Its concession was later granted by China to Japan in Article VI of the Additional Agreement annexed to the Sino-Japanese Peking Treaty of December 22, 1905, for a period of fifteen years, expressly stated to expire in 1923-1924, when it would be subject to repurchase by China.[5] In 1915 with the result of the Twenty-One Demands which had been declared invalid by China, it suffered the same fate as the so-called main line of the South Manchuria Railway in having its term extended to the year 2007. With regard to this connection Mr. L. Lawton said that

> . . . the mere fact of Japan building a railway through territory only temporary in her occupation, and building it, moreover, for purposes exclusively of military aggression, did not entitle her subsequently to claim a concession extending over a long period of years.[6]

In addition, as provided in Article VI of the Additional Agreement attached to the Peking Treaty of 1905, the construction of the said line was given to Japan on the condition "to improve the said line so as to make it fit

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[2] For details, see Shuhsi Hsu, *China and Her Political Entity* (New York: Oxford University Press, 1926), pp. 315-316.

[3] MacMurray, *op. cit.*, p. 790.

[4] Lancelot Lawton, *Empires of the Far East* (2 vols.; London: G. Richards, Ltd., 1912), p. 1243.

[5] MacMurray, *op. cit.*, p. 549. (See Appendix E, 2.)

[6] Lawton, *op. cit.*, p. 1244.

for the conveyance of commercial and industrial goods of all nations."[7] Regarding the manner in which the improvements of the railway were to be effected, it was agreed in the said Agreement that "the person undertaking the work on behalf of Japan shall consult with the commission despatched for the purpose by China." Again, "the Chinese Government will also appoint a Commissioner to look after the business relating to the railway as is provided in the Agreement relating to the Chinese Eastern Railway." Furthermore, according to the provision of Article VI of the same Agreement the work of such improvements should commence in the winter of 1906.

Japan, however, secretly undertook the work without the knowledge of the Chinese Government. It was not until 1909 that Japan began to consult the Chinese Government about this matter; and when China's Commissioner, dispatched for the purpose, had reached Cheng-Hsiang-Tun, the Japanese Minister to China suddenly declared that the Japanese Government had decided to proceed with improvement of the Antung-Mukden line without the cooperation of China. This aroused a sharp controversy. China strongly refused to concede to Japan the right to exercise political administration over, and to station guards along, the said line following the precedent of the South Manchuria Railway. China demanded the fulfillment of the original agreement which had specified that Japan should run the railway "for the conveyance of commercial and industrial goods of all nations." But Japan ignored her treaty obligations. She went ahead independently, changing the rails into standard gauge, and despatched troops stationed in Manchuria and Korea to the mouth of the Yalu River. China was powerless and was compelled to submit to superior force. Not until August 9, 1909, an agreement pertaining to the Antung-Mukden line was reached in Mukden be-

[7] MacMurray, *loc. cit.* (See Appendix E, 2.)

tween the two countries, but no single word was mentioned concerning the question of police jurisdiction. In this way the Antung-Mukden Railway suffered the same fate of the South Manchuria Railway.[8]

2. Interference with the Construction of the Chinese Railways

Since her management of the South Manchuria Railway in 1905, as successor to Russia in South Manchuria, Japan had tried every means to interfere with the Chinese administration of communications and construction of railways in Manchuria in her favour. Whenever an attempt of Chinese Government to construct new railway in Manchuria without resorting to Japan for financial support or consent invariably called forth from Japan the protest that the proposed line violated the alleged "secret protocols" attached to the Peking Treaty of 1905 —Chinese Government not to construct

> . . . any main line in the neighborhood of and parallel to that railway [South Manchuria Railway], or any branch line which might be prejudicial to the interest of the above-mentioned railway.[9]

But, as a matter of fact, there were no such "secret protocols" as alleged by Japan.[10] On the contrary, Japan had

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[8] For fuller study, *vide*, Hsu, *op. cit.*, pp. 320-324.

[9] MacMurray, *op. cit.*, p. 554. (See Appendix E, 3)

[10] As for the existence of the "protocols," it became a question. It was confirmed in the Report of the Lytton Commission that there was no such treaty right. (League of Nations, *Report of the Commission of Enquiry*, Geneva, 1932, p. 44). Governor Tang Shao-yi of Mukden, who was one of the Chinese signatories to the Sino-Japanese Peking Treaty of 1905, denied the existence of any secret agreement in the Peking Treaty which debarred Chinese from paralleling the Japanese railway line. (W. W. Rockhill, *Treaties, Conventions, Agreements, etc., relating to China and Korea, 1904-1908*, Washington, Dept. of State, 1908, p. 140; C. Walter Young, *Japan's Special Position in Manchuria*, Baltimore, The Johns Hopkins Press; 1931, pp. 96, 102-103; League of Nations, *Supplementary Documents to the Report of the Commission of Enquiry*, Geneva, 1932, p. 33; League of Nations, *Report of the Commission of Enquiry*, p. 44). *Vide, ante*, Chap. III, pp. 50-53.

In fact, the alleged secret protocols turned out to be none other than parts

in the Peking Conference of 1905 declared that she "would do nothing to prevent China from any steps she might take in the future for the development of Manchuria,"[11] which Japan should not have forgot so quickly.

To go back, in 1907 China negotiated with a British firm for the construction of Hsinmintun-Fakumen line. But, unexpectedly, the construction of such a line was opposed and frustrated by Japan on pretext of its running parallel to the South Manchuria Railway, violation of the alleged "secret protocols" of 1905. Again, in 1909 China negotiated with American banks and the same British firm for the construction of Chinchow-Aigun line. It was beyond Japanese competitive area as at no point nearer than 150 miles to the South Manchuria Railway. Japan nevertheless made a protest against its construction under the pretext of its possibility to compete injuriously with the South Manchuria Railway. But later the construction of Chengchiatun-Angangchi section of the Chinchow-Aigun projected line by Japan for China evidently showed that the motives of Japan's objection to China's railway project were something more than the economic. As a result, the provision in the Portsmouth Treaty of 1905, contained in Article IV, to the effect that Japan would in future not obstruct "any general measures common to all countries, which China may take for the development of the commerce and industry of Manchuria,"[12] was fully violated by Japan. In other words, Japan had in these two issues violated the Open

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of the conference minutes in the negotiations for the Peking Treaty of 1905. But the conference minutes which were not incorporated into the Peking Treaty of 1905 or signed in any other treaty or agreement form had thus no binding intrinsic validity and no binding character of a formal and duly ratified treaty or agreement. (V. K. Wellington Koo, *Memoranda Presented to the Lytton Commission*, 3 vols.; Baltimore, Maryland and New York, J. H. Furst Co., 1932, pp. 24-25; W. W. Rockhill, *Treaties, Conventions, Agreements, etc., relating to China and Korea, 1904-1908*, p. 140).

[11] League of Nations, *Report of the Commission of Enquiry* (Geneva, 1932), p. 44; Hsu, *op. cit.*, pp. 295-296.

[12] MacMurray, *op. cit.*, p. 522. (See Appendix D, 1.)

Door on its two principles, both equal opportunity of trade and integrity of China in Manchuria.

The same "right of veto" had been, since 1908, repeatedly involved by Japan to obstruct the construction of other railways by China in Manchuria. For instance, the Mukden-Hailung Railway including the Meiho-Hsian branch line (begun July, 1925, completed September, 1927), the Tahushan-Tungliao Railway (begun April, 1927, completed November, 1927), and the Kirin-Hailung Railway (begun May, 1927, completed April, 1929) were all labelled by Japan as prejudicial to the interests of the South Manchuria Railway, and, therefore, should not have been constructed. But, even should China grant the justice of Japan's definition, all these three railways lay outside the 100 Chinese *li* area insisted on by Japan. What ground would justify Japan for obstructing the legitimate development of China's national railway system in her own territory? However, they were eventually built up with the exception of the Meiho-Hsian branch of Mukden-Hailung Railway remaining as one of the pending issues. But Japan had never given her consent to the connection of the Kirin-Hailung line with the Kirin-Changchun line at Kirin, resulting in one of the pending issues. As to the withdrawal of her objections to the construction of the Mukden-Hailung line, it was only because of China's consent to borrow Japanese funds for the building of Taonan-Angangchi Railway.

From the above-mentioned facts, we also come to know that there had never been a definition as to what would constitute a parallel railway. It was "so indefinite" that "it can be stretched to mean almost anything."[13] In 1906-1908 Japan considered the Hsinmintun-Fakumen projected Railway a parallel railway within approximately thirty-five miles of the South Manchuria Railway, but in 1926 Japan again took the Tahushan-

[13] League of Nations, *Supplementary Documents to the Report of the Commission of Enquiry* (Geneva, 1932), p. 49; cf. *post*, Chap. XXI, pp. 288-289.

Tungliao Railway as a parallel line within "no more than seventy miles on the average" of the South Manchuria Railway.[14] In the *Supplementary Documents to the Report of the Commission of Enquiry* it was stated:

> **It is practically impossible to think of an extensive railway development in any part of Manchuria which the Japanese could not claim "prejudicial" to the South Manchuria Railway; and the Japanese, in so far as I am aware, have never stated what, in their opinion, would constitute a railway which did not fall within the terms of 1905 Protocol. From the correspondence concerning the Hsinmintun-Fakumen Railway, one might conclude that the Japanese consider the distance of 100 Chinese *li* as delimiting the area from which competition was to be debarred; but that, I take it, would only apply to what the Japanese term a "parallel railway," because, on the grounds that a railway, if built, would be prejudicial to the South Manchuria Railway, they could always go much farther. For instance, a north and south railway line, if built by the Chinese, let us say from Manchuli to Peking, could certainly not be considered as in the neighbourhood of the South Manchuria Railway; but, as it would no doubt carry some part of the traffic which now finds its way via Harbin and the South Manchuria Railway, it could not fail to fall under the term of "prejudicial."[15]**

Illegal and unreasonable too was the tearing up by Japan of the Peiling travelling spur line which was a short five-kilometer branch of the Peiping-Mukden Railway, running from Mukden Station to Peiling, the Mausoleum of the early Manchu rulers, in recent years converted into a public park. Nearby was located the Northeastern University, the highest educational institution of its kind in Manchuria. The Peiping-Mukden Railway Company constructed this short branch in 1925 for the

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[14] League of Nations, *Report of the Commission of Enquiry*, p. 45.

[15] League of Nations, *Supplementary Documents to the Report of the Commission of Enquiry*, p. 34.

convenience of travelers to and from Peiling. On June 27, 1929, the Japanese Consul at Mukden sent Japanese military guards to forcibly tear up the tracks under the pretext that the Chinese Government, by running this line over the farm lands of a Japanese subject, Masao Kajihara, without the consent of the Japanese authorities, violated the Japanese acquired jurisdictional rights. But, as the fact stood, those farm lands had been leased in 1915 to Kajihara for the rent of $600 a year, but up to 1925 the Japanese had paid in all only $500. The Chinese authorities had in 1925 notified the Japanese Consulate in Mukden of the cancellation of the lease and the reversion of the lands to Chinese control. The Japanese continued refusing to surrender the lands. The Peiling line was constructed after the cancellation of the lease and therefore could not be considered as violating any Japanese acquired jurisdictional rights. But, on the other hand, by the refusing to surrender the lands and the forcibly tearing up of the Peiling line Japan had seriously encroached upon the administrative and territorial integrity of China.

This being such, no legitimate reason also backed up Japan's objection to the construction of the proposed harbour at Hulutao (by a Dutch Company). However, the Chinese Government refused to be intimidated, and proceeded with the original plans until September 18, 1931. Such interference by Japan was in direct violation of Article IV of the Portsmouth Treaty of 1905, in which it was provided that Japan should engage "not to obstruct any general measures common to all countries, which China may take for the development of the commerce and industry of Manchuria."[16] In this connection, the following quotation from the *Supplementary Documents to the Report of the Commission of Enquiry* deserves attention:

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[16] MacMurray, *loc. cit.* (See Appendix D, 1.)

Another Japanese objection which appears to be inconsistent is that set forth in the Japanese Assessor's document "B" (Pages 114 and 115) concerning the threat to Dairen and the South Manchuria Railway by the building of the Chinese port of Hulutao. The arguments used were that the new Chinese railways—built or projected—would shorten the distance between important stations in North Manchuria and the sea, as compared with distance by the South Manchuria Railway. At the same time that Japan lodges this complaint, she advances a second one concerning China's failure to go ahead with the construction of the Tunhua-Hueining extension, which would give a new outlet to Manchurian products via Seishin; but Japan seems to ignore the fact that the rail haul to the sea by this route would be still more greatly reduced as a result of the construction of this new Chinese line. The total distance from Changchun to Osaka—Japan's main distributing centre—via the port of Seishin will be approximately 520 miles shorter than via Dairen.[17]

3. Railway Loans and Chinese Railway Administration

In addition, Japan had made every attempt to destroy the administrative integrity of the Chinese Government railways in Manchuria by means of loans. For instance, the Kirin-Changchun line was put under the management of the South Manchuria Railway Company and the Japanese were appointed to the important positions within 30-year loan period in accordance with the loan agreement of 1917. From the very beginning the Chinese Government was afraid that the Japanese would have the Railway default in the loan so that they could permanently control it as stipulated in the loan agreement. The Railway, with all the years of Japanese control, was consequently therefore deeply in debts and it was hopeless of keeping to redeem it. The following facts will do more. The South Manchuria Railway Company's

[17] League of Nations, *op. cit.*, p. 34.

representative in this line took over autocratic control and operated the line without consulting the wishes of the Chinese Chief of Administration as stipulated in said loan agreement. He further discriminated against the Chinese employees in the matter of salaries to the advantage of his own. Again, according to Article VII of the loan Agreement of October 12, 1917 it was provided:

> During the period that the Company [South Manchuria Railway Company] administers the affairs of the Railway, the Government [Chinese Government] and the Company, after consultation together, will arrange to have turned over to the Company 20 per cent of the profits of each working period which remain after being applied to the redemption of the capital and the payment of interest of the loan. . . .[18]

For the ten-year period from the beginning of 1918 till the end of 1927, 20% of the actual profits of this line should have entitled the South Manchuria Railway Company to the sum of $348,150; but the South Manchuria Railway Company had taken, instead, a total of $893,500, or more than double her due.[19] This was because of the fact that the Japanese representative counted as expenditure of the Railway, only the paying of interest due on loans and the paying of the current administrative expenses, but did not include expenses definitely stipulated in the agreement as being necessary for maintenance, repairs, replacements, and future contingencies. The 80% due to the Chinese Government, the Japanese retained for what he termed replacements and expansion of the Railway. Furthermore, the careless spending of money by the Japanese directors had necessitated additional loans from South Manchuria Railway Company, so that although the original loan itself had diminished

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[18] MacMurray, *op. cit.*, p. 1390.

[19] V. K. Wellington Koo, *Memoranda Presented to the Lytton Commission* (3 vols.; Baltimore, Maryland and New York: J. H. Furst Co., 1932), pp. 452-453.

in amount the additional borrowing of money had boosted the total amount of loans outstanding. Moreover, in the Agreement of 1917 Article I provided that if the Chinese Government was "unable to raise the sums required for the deferred payments of principal and interest," it had to "hand the Railway and all the property thereof over to the Company [South Manchuria Railway Company] to be temporarily administered." By continuing their irresponsible extravagance, thus slowly increasing the financial obligations of the Railway, were not the Japanese directors helping the gradual absorption of this line by the South Manchuria Railway Company? And, what is more, in this line Japan refused to apply the new regulations issued by the Chinese Ministries of Communications and Railways and applied to all railways in China, and also made no statement to the said Ministries. As a result of this illegitimate action, Japan had violated Article XIV of the loan Agreement of 1917 which reads:

> **The general regulations of the [Chinese] Ministry of Communications applicable to all railways will also be observed by the Railway. But if, owing to special conditions in connection with the Railway, they should be difficult to apply, the matter should be reported with a statement of the facts to the Ministry of Communications.** [20]

And in defiance of China's administrative sovereignty Japan had not abided by Article V of the Nine-Power Treaty of 1922 which contained,

> **China agrees that, throughout the whole of the railways in China, she will not exercise or permit unfair discrimination of any kind. In particular there shall be not discrimination whatever, direct or indirect, in respect of charges or of facilities on the ground of the nationality**

[20] MacMurray, *loc. cit.*

> of passengers or the countries from which or to which they are proceeding, or the origin or ownership of goods or the country from which or to which they are consigned, or the nationality or ownership of the ship or other means of conveying such passengers or goods before or after their transport on the Chinese Railways.[21]

As to the construction of Kirin-Tunhua Railway, the Japanese engineer increased the original estimated cost of 18,000,000 yen, as stipulated in the Kirin-Tunhua Railway Loan Agreement of October 24, 1925, to about 24,000,000 yen by gross overcharges, and changes in the road-bed besides.[22] Perhaps, Japan had some motive more in this line by purposely forcing an overcharge upon China, since it was stated in the said Agreement that if China failed to repay the cost of construction within one year after accepting the railroad, then the debt must be settled under a new loan contract in which it must be definitely specified that the railroad should employ a Japanese as Chief Accountant.[23]

In connection with the construction of Ssupingkai-Taonan Railway, the South Manchuria Railway Company later demanded 9.5% interest[24] on its loan against 7.5% not exceeded as stipulated in the Ssupingkai-Taonan Railway Loan Agreement of September 8, 1919;[25] after a long negotiation, the charge was fixed at 9%. Although the 5% bonds as stipulated in the Agreement were not yet issued, the South Manchuria Railway Company already deducted the 2.5% commission from its advance

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[21] U. S. Dept. of State, *Conference on the Limitation of Armament* (Washington: Government Printing Office, 1922), p. 1621.

[22] Koo, *op. cit.*, pp. 454-455.

[23] *China Year Book, 1928*, edited by H. G. W. Woodhead and published by *The Peking & Tientsin Times*, Tientsin, p. 265.

[24] Koo, *op. cit.*, p. 459.

[25] *Ibid.*, p. 457; *The Sino-Japanese Treaties Compilation*, in Chinese, third edition, edited and published by the Foreign Affairs Institute, Peiping, 1934., p. 553.

to the Railway.[26] Besides, the said Railway was made to rent the shabby and dilapidated locomotives and other rolling-stock from the South Manchuria Railway Company charged with an exorbitant rental. Thus, as long as the 5% bonds remained unissued, as long as the Railway continued to pay 5% on its loans from the South Manchuria Railway Company, and as long as the Japanese directors paid exorbitantly for rental of worn-out rolling-stock, the Ssupingkai-Taonan line would remain unredeemed. In addition, the Japanese representative made reductions in rates in favor of the South Manchuria Railway, and prevented the building of stations and godowns, as if the Railway was a branch line of the South Manchuria Railway.

As regards the building of Taonan-Angangchi Railway, Japan also presented to the Chinese Government an overcharged expenditure totalling 13,125,000 yen[27] against the estimated cost of 9,920,000 yen as stipulated in the Taonan-Angangchi Railway Loan Agreement of September 3, 1924.[28] Furthermore, it was also unjustified that Japan protested against the through-traffic arrangements for the ports of Chinese railway system in Manchuria, and against the rate-cutting in Chinese railways during 1929-1930. The aim of China was not primarily to make profits, as was the case with the South Manchuria Railway, but to develop the country and to enable the rural population to reach the markets as cheaply as possible. On the contrary, the South Manchuria Railway granted a secret rebate, and "a Japanese forwarding agency was quoting rates for freight consigned through them which were lower than the regular scheduled rates of the South Manchuria line."[29] Another illegal operation of Japan

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[26] Koo, *op. cit.*, p. 459.

[27] *Ibid.*, p. 463.

[28] *Ibid.*; *The Sino-Japanese Treaties Compilation*, p. 705.

[29] League of Nations, *Report of the Commission of Enquiry*, p. 48; League

was that Japan frequently refused China to tax at the boundaries of the Japanese "railway towns" the produce (such as soya-bean shipments) which was being carted to the South Manchuria Railway towns for transport by rail to Dairen over the Japanese line.[30] All the foregoing facts are the evidence of Japan's violations of the treaties and infringements of the independence and sovereignty of China. Perhaps, Japan forgot that at the Washington Conference she together with other Powers had recorded their hope that

> . . . to the utmost degree consistent with legitimate existing rights, the future development of railways in China shall be conducted to enable the Chinese Government to effect the unification of railways into a railway system under Chinese control, with such foreign financial and technical assistance as may prove necessary in the interests of that system.[31]

4. Telegraph, Telephone and Radio System

In connection with the telegraph, telephone, and radio field, Japan had done no exception to the violation of treaty obligations. During the Russo-Japanese War Japan constructed land telegraphs as well as telephone lines in Manchuria for the military use without the consent of the Chinese Government. Although the former outside the railway areas being transferred to China subject to payment,[32] the new ones were rebuilt and used for the commercial purposes throughout Manchuria. According to Article VI of the Sino-Russian Contract of 1896, the Chinese Eastern Railway agreed to "construct and operate the telegraph necessary for the needs of the line."[33]

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of Nations, *Supplementary Documents to the Report of the Commission of Enquiry*, pp. 40-41.

[30] League of Nations, *Report of the Commission of Enquiry*, p. 51.

[31] U. S. Dept. of State, *op. cit.*, p. 1652.

[32] MacMurray, *op. cit.*, p. 760.

[33] *Ibid.*, p. 74. (See Appendix A.)

As to the telephone lines, after the Russo-Japanese War Japan developed them into a permanent telephone system in the absence of any agreement with China. In accordance with Article II of the Sino-Japanese Telegraph Convention of October 12, 1908, Japan undertook "not to extend her present telephone system in Manchuria without having first obtained the consent of the Chinese Government."[34] Nevertheless, Japan, besides extending telegraph and telephone systems, went farther erecting radio stations at various places in Manchuria inside and outside the railway areas without obtaining the consent of the Chinese Government against the sovereignty and integrity of China.

Furthermore, according to Article III of the Sino-Japanese Telegraph Convention of October 12, 1908,

> . . . at open marts or treaty ports in Manchuria, which are in close proximity to the Japanese railway territory, namely at: Antung, Newchwang, Liaoyang, Mukden, Tehling and Changchun, the Chinese Government agrees, for a period of fifteen years, to place one or two special telegraph wires from the said open marts or treaty ports to such railway territory at the exclusive disposal of the Japanese Government telegraph service.[35]

Again, according to Article IV of the same Convention,

> . . . the special wire or wires mentioned in Article 3 shall be worked from the Chinese telegraph buildings by Japanese clerks in the employ of the Japanese Government, and the Chinese Government undertakes to provide, at the total yearly rent of 700 Mexican Dollars, suitable special offices and accommodations for this purpose, it being, however, understood that the said accommodations do not include dwelling quarters for the clerks.[36]

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[34] *Ibid.*, p. 760.

[35] *Ibid.*

[36] *Ibid.*

This being the case, in 1923, 15 years after the Convention, the Chinese Government asked for the return of those special wires. However, Japan refused to turn them back. Not only this, she further rejected to work the special wires from the Chinese telegraph buildings, but established her own stations elsewhere instead.

In addition, by Article II of the Sino-Japanese Manchurian Telegraph Agreement of November 7, 1908 Japan undertook "not to establish competition, by lower rates or other means, against China."[37] Nevertheless, telegrams transmitted by Japanese telegraph lines of the South Manchuria were charged at a lower rate than in the Chinese Administration. The consequence was that the Chinese Administration incurred a considerable amount of loss. Again, by Article II of the Sino-Japanese Yinkou Rendition Agreement of December 5, 1906,[38] the Yinkou telephone system should have been rendered back to China long ago, but Japan had all together deliberately refused to make the necessary transfer.

5. Postal Rights

During the Russo-Japanese War, Japan without the consent of the Chinese Government established hundred postal stations in Manchuria for military use. But up to September 18, 1931 Japan had not only continued to maintain them but further increased its number at various places of Manchuria.

At the Washington Conference of 1922, the Powers concerned agreed to abolish, beginning from January 1, 1923, all their post offices in China except those in the leased territories or especially provided for by treaties. The Japanese delegate at the Conference sought to preserve the Japanese postal stations outside the Kwantung leased territory and in the railway areas by insisting that

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[37] *Ibid.*, p. 765.

[38] *Ibid.*, p. 612.

Japan's such postal right was contained in the terms of the Portsmouth Treaty of 1905—to pursue the original provisions of the Sino-Russian agreements. But, as a matter of fact, there was neither any stipulation in the Portsmouth Treaty of 1905, nor in the original Sino-Russian agreements before 1905, specifically granting to Japan (or to Russia) the postal rights in South Manchuria, or anywhere in Manchuria outside the Kwantung Leased Territory. Although Japan discontinued her postal agencies in the Chinese cities consequently by the conclusion of the Sino-Japanese Postal Agreement of December 8, 1922,[39] she still illegally retained the postal offices in the railway areas and further operated post boxes in the regions in close proximity to the South Manchuria Railway areas. In connection with the Japanese postal agencies operated in the railway areas China and Japan agreed and signed on December 8, 1922 an appendix to the said Postal Agreement, declaring that "the question of the Japanese Postal Offices in the South Manchuria Railway areas should be made the subject of communications between both Governments." Thenceafter, China repeatedly demanded the abolition of the Japanese postal offices in South Manchuria Railway areas, but Japan made no reply in spite of definite agreement and promises on the part of herself to curtail her postal agencies in railway areas. More than this, in defiance of international postal agreement, Japanese mail carriers openly rode into the Chinese native cities to deliver mail which should have been turned over to the Chinese post offices for delivery. Not stopping with this, Japan in the railway areas (or settlements) not only continued her own postal service but even hindered the Chinese Government from establishing postal stations there. Whenever in the railway areas a Chinese postal

[39] For the text of said Agreement, see *The Foreign Affairs Bulletin*, monthly, No 21, March, 1923, published by the China's Ministry of Foreign Affairs; Koo, *op. cit.*, pp. 600-601.

station was actually established, Japan would manage to prevent it from putting up postal sign boards and from accepting and delivering mail. Under Japanese interference the station thus became a mere clearing house for the sorting out of Chinese mail.

6. Shipping and Flying Rights

With regard to the shipping and flying rights of Manchuria they had suffered the same fate. Chinese merchant vessels were not less frequently refused to enter Dairen port, such as the *Chung Hua* steamer case of the Yinkou Oversea-Trading and Steamship Company. In this Japan had violated Articles I and VI of the Sino-Russian Convention of 1898 and encroached upon the rights of China.

What is more, Japanese military planes flew over or landed on Chinese territory of Manchuria at will and without obtaining the least consent of Chinese authorities. More audacious and barbarous was that Japan incessantly used their planes to bomb Chinese cities and innocent Chinese citizens in the time of the outbreak of Mukden Incident on September 18, 1931, which she claimed but an incident, not a war, and during the intervention endeavour being made by the League of Nations in Geneva. In this connection, Japan had violated the international flying agreement, Convention on the Regulation of Aerial Navigation of October 13, 1919, by which China had absolute and sovereign control of the air in Manchuria as stipulated in Article I, and outside of innocent passage by commercial planes in normal times as provided in Article XI, no flying vessel used by a foreign military power might fly over or land on Chinese territory without the permission of the Chinese Government as stated in Article XXXII.[40] This action of Japan constituted the most flagrant violation of international agreements and infringement of China's sovereignty and integrity.

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[40] For the text of said Convention, see Manley O. Hudson (ed.), *International Legislation*, (Washington: Carnegie Endowment for International Peace, 1931), Vol. I, 1919-1921, Nos. 1-64, pp. 359-392.

CHAPTER XV

THE EDUCATIONAL RIGHTS IN MANCHURIA

THE educational and cultural penetration of Japan in Manchuria was no less important than those, political and economic. Under the influence of "special position" Japan had enjoyed educational administrative rights inside and outside the Kwantung Leased Territory and along the South Manchuria Railway areas. She interfered with the administration of Chinese education, established her own educational system, and maintained publications and news agencies.

According to original treaty provisions Japan had no educational administrative rights whatever in the Kwantung Leased Territory as well as in the South Manchuria Railway areas. What Japan had succeeded to from Russia were clearly pointed out in Articles V and VI of the Portsmouth Treaty of 1905 with the consent of China in Peking Treaty of the same year. In addition, according to Articles I and VII of the Sino-Russian Convention of 1898, it was also clearly defined that Russia should in no way encroach upon the sovereign rights of China.[1]

1. Interference with the Administration of Chinese Education

Japan, however, disregarded the original treaty provisions and ignored Chinese sovereignty, and carried out

[1] J. V. A. MacMurray (ed.), *Treaties and Agreements with and concerning China, 1894-1919* (2 vols.; New York: Oxford University Press, 1921), p. 119. (See Appendix B, 1.)

a comprehensive programme of educational and journalistic activities inside and outside the Kwantung Leased Territory and along the South Manchuria Railway areas too.

What was more serious was that in a territory such as Dairen and Port Arthur, where the Chinese constituted 99 per cent of the population, and in the South Manchuria Railway areas, where the Chinese constituted 67 per cent of the population, the Japanese forbade the Chinese to set up any educational institutions whatever. The Japanese suppressed any attempt on the part of any Chinese to establish free public schools in these regions. Even in all other foreign concessions in China existed no such precedent—forbidding the territorial sovereign to exercise the power to establish schools. Furthermore, the modern and civilized powers would not absolutely forbid in their own territories the establishment of schools for alien residents. On the other hand, Japan excluded any other kind of education except her own in the Kwantung Leased Territory and the South Manchuria Railway areas. Not satisfied with this, Japan also frequently interfered with the Chinese educational work. Not only in the Kwantung Leased Territory and the South Manchuria Railway areas was Chinese education forbidden, but also in those places contiguous to the Japanese railway areas, where Chinese educational work was often interfered with by the Japanese police on authority. This was not only an infringement upon China's sovereignty but also a defiance of the sanctity of treaties.

2. Japanese Educational System

Thus, in the Kwantung Leased Territory and the South Manchuria Railway areas Japan established many cultural and educational institutions of different standards in accordance with her own laws and not amenable to Chinese control. In the Kwantung Leased Territory, all the schools were supported, managed and controlled

by the Kwantung Government, while those along the South Manchuria Railway areas by the South Manchuria Railway Company and those within the Japanese consular territories by the Japanese consulates. Her educational institutions in Manchuria were divided into three groups: schools for Japanese, schools for Chinese, and schools for both Japanese and Chinese. There were schools for both sexes, kindergartens, schools primary and higher, middle and normal, and schools of agricultural, industrial and commercial training. Besides, there were two universities, one was the Engineering University located at Port Arthur and the other the South Manchuria Medical University at Mukden; and two colleges, one was the South Manchuria Technical College at Dairen and the other the Manchuria Teachers College at Mukden. Furthermore, there were libraries, museums and some other small public libraries.

But there were two kinds of educational system of Japan in Manchuria: one was the aggressive education only for Japanese and the other slavish education specially intended for Chinese. In other words, one was the imperialistic sort of education and the other the denationalistic sort of education. They, Japanese students, were not only taught Chinese but furthermore encouraged to know everything in Manchuria as a preparation for future use, while the Chinese students were principally taught the Japanese language and only allowed to know things of Japan. They were forbidden to read any Chinese newspaper, Chinese magazine, Chinese history, Chinese geography or the Principles of Dr. Sun Yat-sen. In order to popularize such kind of education all over Manchuria, Japan accorded good treatment and offered many inducements to the Chinese students who studied in the Japanese schools. Indeed, this brand of education offered by the Japanese schools in Manchuria was a poisonous policy to fool Chinese. It is no wonder that the Chinese students of Kinchow in the Leased Territory often claim-

ed Japanese nationality or regarded themselves as subjects of Tsing Dynasty. In twenty six years, 1905-1931, such kind of Japanese education had already produced deleterious results.[2]

3. Japanese Publications and News Agencies

In addition, the Japanese supported and maintained many newspapers, journals and news agencies in Manchuria with the chief aim to manipulate public opinion and do effective propaganda works. They often fabricated news to confuse the minds of Chinese and to encourage the civil war in China. On account of the rumors fabricated by the Japanese, peace and order in Manchuria were maintained with great difficulty.

There were about 504 kinds of Japanese-operated newspapers, journals, news agencies and other periodicals published in Manchuria. Among them the most important and influential were *Manchuria Daily News* (English-language paper), *Sheng Ching Shih Pao* (Chinese-language paper), *Sino-Japanese Economic Magazine*, and *Nippon Dempo*. Furthermore, the chief organ of cultural invasion in Manchuria was the Manchurian-Mongolian Culture Association (otherwise the Sino-Japanese Enlightenment Society) whose primary function was to investigate and conduct research in the important matters of economy and of politics in Manchuria and Mongolia, and to hasten the Japanese economic development in these territories. It also published an influential periodical.

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[2] See author's "Manchuria," under the pen name of Shen Hsueh-chuan, *The Chinese Nation*, a Chinese-edited English weekly, Shanghai, Vol. I, No. 30 (Jan. 7, 1931), p. 725.

CHAPTER XVI

THE FINANCIAL ADMINISTRATIVE RIGHTS AND COMMERCIAL INTERFERENCES IN MANCHURIA

UNDER the governmental influence the Japanese had enjoyed the financial administrative privileges, interfered with Chinese commercial endeavors, and engaged in illegitimate trade throughout Manchuria, constituting a flagrant violation of Chinese laws and of Chinese sovereignty.

1. Japanese Currency and Money Standard

In addition to the warehouse and insurance enterprises in Manchuria the Japanese undertook to open banks, stock exchanges and pawn shops, actually speculation centres. The Japanese Government even invested certain banks with the power of issuance of bank notes, chiefly the Bank of Chosen and the Yokohama Specie Bank which had branch banks at various important cities in Kwantung Leased Territory and along the South Manchuria Railway areas. The Yokohama Specie Bank issued notes in silver yen on the one hand, and the Bank of Chosen issued notes in gold yen on the other. The unlawful over-issue of bank notes of these two leading Japanese banks contributed to a considerable extent to the chaotic result of the Chinese currency of Manchuria. As a result of these illegal issues, they not only made the Chinese banks of issue helpless in controlling circulation and credit, but also interfered with Chinese efforts at reform. As for the notes of the Bank of Chosen, they were irre-

deemable. Based upon the treaties, Japan had by no means acquired the right of monetary administration. The fact that without the least treaty basis and Chinese Government's permission, the Japanese issued a tremendous sum of Japanese currency, created a foreign money standard and established stock exchanges and pawn shops in Manchuria, constituted a flagrant violation of Chinese sovereignty and of China's national currency administrative entity. To cut the matter short, the Japanese yen currency in Manchuria was an instrument of political penetration.

Furthermore, in April, 1917, the Japanese Government ordered that the bank notes issued by the Bank of Chosen should be used as legal money in Kwantung Leased Territory and the South Manchuria Railway areas. In April, 1919, the Japanese Government issued another order, that only Japanese gold yen should be used in the trading of native products in the various stock exchanges. That within Chinese territory the Japanese Government openly abolished Chinese legal money and refused to accept it, was a gross violation of Chinese sovereignty and of China's national entity.

1. Stock Exchanges and Pawn Shops

As to the stock exchanges and the pawn shops, they had direct bearing on the economic system of the people. In foreign countries they are all placed under the government's strict supervision and limitation in order to avoid illegal management and undue speculation which will lead a serious monetary crisis. In case, without any treaty basis, any one who wishes to undertake stock exchange and pawn shop enterprises in another country, must be subject to the provisions of the laws of the sovereign nation and must first obtain the permit of the government concerned; and, furthermore, these enterprises should be limited to the citizens. However, the Japanese established their stock exchanges and pawn

shops not in accordance with Chinese laws, not based on any treaty arrangements and nor obtaining the permission of Chinese government. Again, the Japanese stock exchanges and pawn shops principally engaged in money speculation, and used national currency as a speculating medium in Chinese money market. All of them were in great number scattered about in the Kwantung Leased Territory and along the South Manchuria Railway areas and annually they cropped an amazing amount at the expense of Chinese monetary or financial administration. Above all, all the stock exchanges were managed and controlled by the Kwantung Government. This mood in which the Japanese operated their stock exchange and pawn shop enterprises was not only a violation of Chinese laws, but also an encroachment upon Chinese sovereignty.

The Japanese made a further infringement upon Chinese sovereignty through another way of frequently interfering with Chinese currency. The disturbance and slump in the Manchurian money market were brought about by the unscrupulous manipulation and illegal interferences of the Japanese. Consequently, both the Chinese people and the Chinese banks in Manchuria suffered to an unutterable extent. Moreover, the Japanese were often found coining Chinese white money and counterfeiting Chinese bank notes in Manchuria in order to confuse the Chinese financial circles there and at the same time reaped much interest. Even if discovered, these Japanese enjoyed immunity from the Japanese authorities.

3. Interference with Chinese Endeavors

In Manchuria every important industry and most of the domestic and foreign commerce came under the control of the Japanese. The Ports of Dairen and Antung, the financial resources, and adequate military protection of the South Manchuria Railway and all other facilities

were organized for the convenience, encouragement, and support of Japanese engaged in industry and business; while sufficient handicaps, discouragements, and obstacles were placed in the way of Chinese and other foreign nationals to prevent them from competing on an even basis with the Japanese. Where the Chinese even under strict treaty regulations tried to develop native industries or commercial projects to the very slight disadvantage of the Japanese, the Japanese would under the pretext of unfair competition or molestation try to suppress these legitimate Chinese endeavors. The following are some of the typical cases:

(1) As early as in 1918 when the Japanese organized in Harbin the North Manchurian Electric Company, it was provided by the Russian directorate, the officials responsible for the management of the Harbin City, that as soon as the directorate should erect a city power plant system either publicly or privately owned, the Japanese North Manchurian Electric Company must suspend its business in Harbin. Not until 1919 the directorate deciding to award the franchise for the lighting of Harbin City to the highest bidder, a Chinese concern as winning the franchise established the Electric Company which in May, 1930 came under governmental ownership. This being the case, the Japanese North Manchurian Electric Company must on that day suspend business. However, the Japanese power plant did not stop its traffic. But, instead of this, the Japanese power plant accused the Chinese officials of using the Chinese concern to launch an unfair competition with the Japanese plant, and endeavored subsequently to disrupt the service of the Harbin Electric Company. The very nature of the protest and the later ruthlessness of the Japanese company revealed the Japanese residing in Chinese territory as being unwilling to observe the industrial laws and regulations of the Chinese Government—a defiance of Chinese legislative and administrative integrity.

(2) Immediately after the Russo-Japanese War, the Japanese with no permission of Chinese authorities established at Antung the South Manchurian Electric Company to supply Antung City with electric lights. It therefore operated illegally in Chinese territory. At the beginning, in view of the utility of the electricity the Chinese authorities refrained from interfering with the Japanese. But this little meant that China had given legal sanction to the Japanese Company's unlawful enterprise. Not until March, 1930, the Antung City Government, in line with the policy in other Chinese municipalities, erected municipal-owned plant to furnish electric power for lighting purposes. At the same time, the Antung City Government did not raise any objections to continuance in business by the Japanese South Manchurian Electric Company. However, with the unexpected result the Japanese objected most strongly to the municipal power plant as taking unlawful advantage over Japanese interests. They did not consider that their enterprise in its very origin was a violation of Chinese regulations. They finally called in Japanese governmental aid. When the municipal power-plant laborers were busy at construction work at Pataokou street, several hundred Japanese military guards were despatched to surround them and prevent them from continuing their work. The use of foreign military force to frighten and to suppress the Antung Municipal Light Power Plant was a flagrant infringement upon China's sovereignty.

(3) Japan had a sales-monopoly on wines, cigarettes, camphor, salt and other commodities in her own country, so had other nations. Such sales-monopoly on matches, as carried out by Chinese authorities in Manchuria, was similar to the match sales-monopoly in France, a financial measure in which there existed no thought of discrimination in favor of or against any particular nation. Japanese matches were placed on an even footing with Swedish and Chinese matches. Yet Japan regarded

the match sales-monopoly in Manchuria as a measure aimed at the suppression of Japanese interests and consequently launched a series of protests. This was another example of Japanese interference with China's administrative integrity.

(4) In August, 1928, the Mukden-Hailung Railway opened bid for the purchase of ten locomotives. The Japanese bid lowest, but the Chinese authorities of the Railway for many reasons awarded the contract to the Scott Company. Unexpectedly, Japan launched protest against the award on the pretext that the Railway was discriminating against the Japanese companies. But, generally in all business transactions, it is not absolutely binding on a concern to award the bid to the lowest bidder, nor need reasons be given for refusal to accept the lowest bid. The Mukden-Hailung Railway was acting within its rights when it saw fit to purchase locomotives from the Scott Company. Moreover, it ordered its passenger and freight cars from the Japanese concerns at the same time, proving beyond doubt that there was no intention of discriminating against the Japanese. However, Japan exclaimed that China was boycotting her goods—the abuse use of the word boycott. This was also one of those which constituted the encroachment of China's administrative sovereignty.

4. The Trading and Residing of Japanese Subjects

On the other hand, it was generally acknowledged that foreign nationals enjoyed extra-territorial rights only in certain places of the treaty ports set aside for their residence and business. But Japan over-looked the treaty obligations and allowed against Chinese protests her nationals to dwell and to trade anywhere in the treaty ports and also in the cities other than the treaty ports, the Kwantung Leased Territory, and, from the standpoint of *de facto* situation, also the railway settlements.

Appealing to the Peking Treaty of May 25, 1915 (Twenty-One Demands) Japan required her people to settle everywhere in Manchuria to engaged in agriculture, industry, and commerce in disregard of Chinese laws. Even granted the validity of the Peking Treaty of 1915 which had already been disavowed by China, Japan had over-stretched her claims. Under Article III of the Treaty respecting South Manchuria and Eastern Inner Mongolia, the Japanese subjects who should be free to dwell and trade were only limited in South Manchuria, and, furthermore, under Article V such Japanese subjects "shall also submit to the police laws and ordinances and taxation of China."[1] As the fact stood, Japan required her subjects to reside everywhere in Manchuria, and to trade under her own police laws and ordinances and taxation. This illegitimate trading and residing of Japanese subjects in inland of Manchuria had altogether undermined the sovereignty and administrative integrity of China.

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[1] J. V. A. MacMurray (ed.), *Treaties and Agreements with and concerning China, 1894-1919* (2 vols.; New York: Oxford University Press, 1921), p. 1220. (See Appendix F.)

CHAPTER XVII

JAPANESE INTERESTS IN MINING, FORESTRY AND FISHERY OF MANCHURIA

JAPANESE special interests in mining, with the exception of Anshan Iron Mines, forestry and fishery of Manchuria were not the transfers made by Russia in Portsmouth Treaty of 1905, but seized from the Chinese either on the pretext of Article VI of the Portsmouth Treaty of 1905 or by the distortion of Article VI of the Additional Agreement of the Sino-Japanese Peking Treaty of 1905, and later legalized under threat of force by various agreements. Not stopping with this, Japan in the face of Chinese repeated protests went steadily to make illegal extension of the properties acquired beyond the provisions of the concerned agreements.

1. Mining Rights

After the Russo-Japanese War Japan employed various measures to acquire mines as not transferred by Russia to her and extended her mining property beyond their legitimate boundaries. Legally speaking, the rights and titles transferred by Russia to Japan in 1905 should be valid rights and clear titles officially enjoyed by Russia in South Manchuria. The Fushun and Yentai coal mines had originally been not the ones of those rights as provided officially enjoyed by Russia in Manchuria. The history of Japan's occupation of Fushun and Yentai coal mines may be clearly told by the following quotation:

In 1902, two Chinese merchants each secured a concession from the Government to work the coal deposits of Fushun. Later one of them, Mr. Wang, admitted $60,000 Mexican Dollars from the Russo-Chinese Bank as shares in his enterprise. Still later, he bought out the right of the other Chinese and applied to the Central Government through the Military Governor of Fengtien for incorporation. The Board of Foreign Affairs, in view of the foreign interests involved, advised the Military Governor to apply for special permission from the throne. The matter was not settled when the Russo-Japanese War broke out. The mines were first occupied by the Russian and then by the Japanese. After the War, on the petition of the concessionaire, Mr. Wang, the Board of Foreign Affairs communicated with the Japanese Minister, requesting their restoration. The Japanese Government held that the property in question was Russian and hence should pass over to Japan by virtue of Article VI of the Portsmouth Treaty. At the same time, Japan proceeded to occupy three more coal mines 10 *li* from Fushun worked by other Chinese, who had nothing to do with the Chinese Eastern Railway.

A similar case happened at Yentai. There were four coal beds worked by some private Russian merchants and three by Chinese, when the Japanese troops reached the Yentai district. The Russian beds were closed down, but the Chinese were left in operation after some examination by the Japanese Commander. In July, 1906, after the organization of the South Manchuria Railway Company was ordained, the Japanese suddenly took possession of two of the Chinese beds. The Military Governor took up the case with the Japanese Consul-General at Mukden. As the Chinese Eastern Railway was not involved in this case, the Japanese justified their action by Article IV of the agreement relating to the South Manchurian branch [Sino-Russian Agreement of July 6, 1898], in which China granted the Company the right to mine such coal as might be needed for the construction and operation of the railway. Regardless of the Chinese contention that the Article cited did not give Japan the exclusive right, but definitely contemplated "other parties" as well, Japan determined unilaterally to make the Yentai and the Fushun mines the exclusive properties of

> the South Manchuria Railway, whereupon the Government order of August, 1906, assigned them to the Company.[1]

Not until the conclusion of the Sino-Japanese Mines Agreement of September 4, 1909 the Chinese Government recognized the right of the Japanese Government to work the said coal mines.[2] But the extent of the said coal mines was later clearly stipulated in the Detailed Regulations for Fushun and Yentai Mines of May 12, 1911. In Article VII the Fushun coal mine was originally bounded on the south by the watershed of Chien Chin Ling. Again, in Article XI it was provided that,

> In case the Company [S. M. R. Co.] requires private land within the boundaries of the mines, which is necessary for mining purposes, or requires the extension of the railway, it shall be reported to the Chinese authorities, and a decision shall be reached after a mutual consultation.[3]

Therefore, the buying of private land was restricted to "within the boundaries of the mines." Japan, however, bought from the private owners a thousand odd *mou* of land south of the said watershed with a rich coal deposit. Japan likewise without permission forcibly extended the boundaries of the Yentai mine lands three odd *li* by keeping a Chinese owner with military guards from his property. Protests from the Chinese authorities were of no avail. This illegal extension of mining properties had both violated treaty agreements and infringed

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[1] Tung-chi Lin, "Political Aspects of the Japanese Railway Enterprise in Manchuria," *The Chinese Social and Political Science Review*, an English quarterly, April, 1930, Peiping. For the history of Japan's occupation of Fushun and Yentai Coal mines, *vide* also, Shuhsi Hsu, *China and Her Political Entity* (New York: Oxford University Press, 1926), pp. 308-310.

[2] J. V. A. MacMurray (ed.), *Treaties and Agreements with and concerning China, 1894-1919* (2 vols.; New York: Oxford University Press, 1921), p. 790.

[3] *Ibid.*, p. 792.

upon China's sovereign rights.

As regards the Penshihu (Penhsihu) coal mines, they had since the Russo-Japanese War been occupied and worked by the Japanese under no justification until the conclusion of the Sino-Japanese Agreement of May 22, 1910, by which the mines became Sino-Japanese joint enterprises and after thirty years China was entitled to recover them upon the voluntary liquidation of the joint Company.[4] Not stopping with this, meanwhile the Japanese had also occupied and worked the mines along the Antung-Mukden Railway. Not until August, 24, 1907, a memorandum was agreed between China and Japan to work the mines along the Antung-Mukden Railway as Sino-Japanese joint enterprises.[5] Again, in the Sino-Japanese Mines Agreement of September 4, 1909 the mines along the Antung-Mukden Railway and the main line of the South Manchuria Railway, except those at Fushun and Yentai, were to be exploited as Sino-Japanese joint enterprises.[6] Although Penshihu mines were operated under the name of a Sino-Japanese joint enterprise, the actual management of the mines fell into the hands of Japanese in defiance of China's administrative rights. On the issue of coal mines at Penshihu and Yentai Mr. C. Walter Young wrote:

> As for the coal mines at Yentai and Penhsihu [Penshihu], not far from Mukden and Fushun, these were evidently not transferred to Japan by Treaty of Portsmouth. They had never been either possessed or operated by the Chinese Eastern Railway Company, which made no claims to concessions there before the Russo-Japanese war. Apparently private Russian subjects had held valid titles there, but not the Chinese Eastern Railway. The Penhsihu colliery question, however, was settled in 1910

[4] *Ibid.*, p. 793.

[5] *Ibid.*, p. 791.

[6] *Ibid.*, p. 790.

> by an agreement of May 22—one which, however, was so unsatisfactory to the Chinese that they made repeated attempts to secure its revision. The mines there have been operated since 1910 by a Sino-Japanese company, in which the Japanese share is the property of Okura and Company, the operators of the mines. The South Manchuria Railway, however, apparently possesses titles to various lands in the vicinity of the Penhsihu collieries, and has title to the mines at Yentai which are operated by the railway company, and which are connected with the main line by a branch railway. The Penhsihu collieries are now operated by the Sino-Japanese company formed in 1910, but this agreement terminates in 1940, whereupon the Chinese Government are entitled to recover the mines upon the voluntary liquidation of the company.[7]

Besides, such as the forcible occupation and operation of the Fuchouwan clay mine, the illegal development of a lead and silver mine in Chingchengtze, the employment of Chinese ruffians for the unlawful working of the steatite mine at Haicheng, the persistent refusal to pay taxes on iron ore at Anshan, the secret making of private contracts to develop mines in Penshi district, the unauthorized quarrying of rock by the South Manchuria Railway Company at various places, and the extraction without permission of oil from oil shale at Fushun and Yentai were all evidences of Japan's deliberate exploitations of Chinese sovereignty.[8]

2. Forestry Rights

Then, we turn attention to Japan's encroachment upon the forestry rights of China in Manchuria. The Article X of the Additional Agreement attached to the

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[7] C. Walter Young, *Japanese Jurisdiction in the South Manchuria Railway Areas* (Baltimore: The Johns Hopkins Press, 1931), pp. 162-163.

[8] For details, *vide, Japan's Acts of Treaty Violation and Encroachment upon the Sovereign Rights of China in the Northeastern Provinces*, a pamphlet edited and published by the Northeastern Affairs Research Committee, Peiping, 1932, pp. 137-143.

Sino-Japanese Peking Treaty of December 22, 1905 gave Japan her entering wedge in the field of forestry exploitation. In this Article it was stipulated that

> . . . a joint-stock company of forestry composed of Japanese and Chinese capitalists shall be organized for the exploitation of the forests in the regions on the right bank of the River Yalu . . . The Japanese and Chinese shareholders shall share equally in the profits of the undertaking.[9]

Again, in Article I of the Sino-Japanese Agreement of May 14, 1908, it was provided:

> An area shall be marked out on the right bank of the Yalu, extending from Maoerhshan to Erhshihszetaokou and measuring 60 *li* inland from the main stream. The gathering of the timber within the area will be carried on with the joint capital and under the joint-management of China and Japan.[10]

The Yalu River Timber Company was, thus, established at Antung on September 25, 1908. Based upon the above two Articles, such a Company should have been under the joint management of China and Japan. But, on the contrary, Japan took over its control exclusively notwithstanding China's share of its joint capital. Again, by virtue of Article I of the Sino-Japanese Agreement of May 14, 1908 mentioned above, sixty *li* marked the extent from the main stream of Yalu River within which the Company might cut timber and further as stipulated in Article V of the same Agreement, the valley of the Hun River was excluded from the jurisdiction of the Company, except that the private Chinese woodcutters in the said area might apply to the Company for loans to carry on their industry and were to sell their product to the Com-

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[9] MacMurray, *op. cit.*, p. 551. (See Appendix E, 2.)

[10] *Ibid.*, p. 731.

pany. However, in actual practice Japan extended the 60 to 200 *li*. In addition, she also created a monopoly of timber selling against the treaty spirit—"in the disposal of timber, the Company shall sell at market prices, and shall not create a monopoly." [11] By so doing, Japan infringed upon the sovereignty and administrative and territorial integrity of China through another way. But, in Article VII of the Sino-Japanese Agreement of May 14, 1908, Chinese Government reserved the right of discontinuance of operating the timber enterprises, if, after 25 years, not satisfied with the working of the Company. [12]

The Chamien Lumber Company established on June 25, 1922 under the joint capital and management of China, Japan and Russia for the timber cutting of the Great Khingan Range with headquarters at Harbin, and, in fact, exclusively managed by Japan herself, was later formally closed for certain reasons in 1925 among the three countries; and an agreement was then made to establish a new company between China and Japan. But, during the period of reorganization, the Japanese did not stop their lumbering, purposely to continue to reap by themselves alone the enjoyment of profits from the lumbering. Up to the Mukden Incident the reorganization was still pending.

Another case in which Japan infringed upon China's sovereign rights was the great forest zone extending from the Tumen River district to Laoyehling, Kirin. Because of the uncertainty of the boundary lines of the timber properties and too much indiscriminate felling of the trees by the Japanese, the Chinese authorities in 1930 ordered a temporary suspension to further lumbering in that whole territory pending the adjustment. However, Japan lodged a protest against this temporary suspension

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[11] *Ibid.*, Article V.

[12] *Ibid.*, p. 731.

as being disadvantageous and discriminatory against the Kirin-Tunhua Railway. This was an unwarranted accusation. Chinese authorities were entitled to absolute freedom of control over its properties. Moreover, the Kirin-Tunhua Railway was a Chinese Government Railway. A foreign nation absolutely had not any right of interference.

3. Fishery Rights

As to the fishing industry, Japan from 1905 invariably induced her Japanese and Korean nationals to acquire control of the fishing industry of Manchuria. According to agreement concluded between China and Japan, the middle of the Yalu River was the boundary line between China and Korea. However, the Koreans were encouraged by Japan to cross over into Chinese waters to ply for fishing. On the other hand, the fishing grounds near the mouth of the Yalu River were closed to Chinese fishermen by Japan. She confiscated the boats of, imposed heavy fines on and clapped into jail those Chinese who had tried to carry on their fishing in Chinese waters near the border. Sometimes they might even lose their lives.

In the lower basin of the Piliu River, the Sino-Japanese boundary line of Kwantung Leased Territory was fixed as running through the small island, Wangkua, in the center of the River and thence along the middle of the River. Land and water lying west of the island and west of the middle of the Piliu River belonged to Japan, and those east to China. There were a hundred odd Chinese families who lived in the Chinese land east of the boundary on fishing. Later, the Japanese authorities took possession of the fishing grounds east of the island, explaining that with the shifting of the river eastward their fishing grounds also shifted. The Japanese even resorted to the cutting of nets to intimidate Chinese fishermen who were fishing within the Chinese boundary line. The Chi-

nese Government protested against the arbitrary moving of the Sino-Japanese boundary line by the Japanese, but the Japanese procrastinated and dallied away a settlement of the issue.

To prohibit Chinese fishing vessels from selling fish at Dairen, the Kwantung authorities, in the fall of 1929, issued a new set of regulations which contained that (1) all Chinese fishing vessels trading in Dairen must secure Japanese licenses and obey Japanese orders, (2) all fishing vessels must employ Japanese sailors, and (3) all fishing vessels must use Japanese materials and food supplies.[13] With the result, all the Chinese fishing vessels disappeared practically from Dairen. Such arbitrary action had violated the treaties, particularly the Sino-Russian (Lease) Convention of March 27, 1898, in defiance of China's sovereignty and territorial integrity.

The Kaiping fishing rights originally belonged to China, but Japan claimed that as the fishing grounds there extended out into the sea, China had no right to prevent Japanese from fishing there. In 1914 and 1915 frequent misunderstanding and conflicts arose between Chinese and Japanese fishermen. Later a conference was held between China and Japan and an agreement was made that during the seabream season, Japanese sampans might fish in the Kaiping fishing grounds, and that the Kwantung Government might establish a temporary bureau there to collect tolls from and protect the Japanese sampans. As an exchange of privileges and courtesy, it was agreed also that during the seabream season along the Korean coast, Chinese fishing vessels might fish there. Japan promised to protect these Chinese fishers, and in no way to violate this agreement.[14] However, Japan did not observe this agreement. She, behind the

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[13] *Japan's Acts of Treaty Violation and Encroachment upon the Sovereign Rights of China in the Northeastern Provinces*, p. 165.

[14] *Ibid.*, p. 166.

scene, induced her Korean fishermen to keep Chinese fishing vessels out. China tried to solve this problem by negotiation, but to no avail.

In short, during fishing season the Japanese trawlers and motor vessels always fished in Chinese territorial waters, broke the nets of Chinese fishing boats and caused every kind of obstruction, thus inflicting heavy losses upon the Chinese engaged in the fishing industry. Such was altogether an unlawful activity and a clear violation of China's sovereignty.

CHAPTER XVIII

LANDS SEIZED AND LEASED IN MANCHURIA

IMMEDIATELY after the Russo-Japanese War of 1905, Japan employed various means to acquire lands in Manchuria. Through the South Manchuria Railway Company she seized the lands along the Railway by the distortion of treaty provisions. Under the help of loan associations or land development companies established in Manchuria the Japanese subjects were encouraged to seize lands either by lease or by purchase under intimidation, as Japan claiming to have these privileges under the Peking Treaty of 1915 (Twenty-One Demands) which China had disavowed.

1. S. M. R. Co. and Land Seizure

The South Manchuria Railway Company from the time of its establishment, went beyond the treaty stipulations and made repeated seizures of lands along the South Manchuria Railway by the misinterpretation and abuse of Article VI of the Sino-Russian (C. E. R. Construction) Contract of September 8, 1896. But, as a matter of fact if we read the text of this Article, it becomes clear that the Railway had the right to buy or rent lands within its practical needs.[1] This being the case, to buy lands and establish thereon commercial houses was not

[1] J. V. A. MacMurray (ed.), *Treaties and Agreements with and concerning China 1894-1919* (2 vols.; New York: Oxford University Press, 1921), p. 74. (See Appendix, A.) Cf. *ante*, Chap. X, "The Administration of the South Manchuria Railway Areas."

within the practical needs of the Railway.

Nevertheless, the South Manchuria Railway Company bought practically huge tracts of land at various Chinese cities along the Railway far beyond the practical needs of the Railway, and furthermore, built on them shops and markets, and furthest organized local municipal governments, supervising local policing, engineering, sanitation, and education. The impression created that Japan had attempted to make improper use of this right, in order to obtain additional territory, as evidence of a Japanese national policy to buy the whole Manchuria.[2] With the result, a continuous controversy arose between the South Manchuria Railway Company and the Chinese authorities. This was a clear case of flagrant infringement of the sovereignty and administrative integrity of China.

2. Japanese Subjects and Land Lease

With reference to the special rights of Japanese subjects to lease lands in South Manchuria, Japan claimed to have them there under the Peking Treaty of May 25, 1915 which China had disavowed. Chinese Government constantly refused to acknowledge that the Japanese subjects had the special privileges of leasing land in South Manchuria for a period of 30 years and of unconditional renewal of the lease thereafter as stipulated in the Notes of May 25, 1915, but that like citizens of other foreign countries residing in China, Japanese citizens might lease lands only in treaty ports. Moreover, the Chinese land laws passed on December 1928 definitely restricted the possession of land to citizens of China (Articles VII and X) subject to the approval of the competent authorities (Article IX). But, after repeated protests of Japan, Chinese Government made the concession that the Japanese subjects were given the privileges of renting lands in

[2] League of Nations, *Report of the Commission of Enquiry* (Geneva, 1932), pp. 51, 54.

South Manchuria for a short period not to exceed thirty years, but these Japanese subjects must submit to the police laws and ordinances and taxation of China so as stipulated in Article V of Peking Treaty of 1915 respecting South Manchuria and Eastern Inner Mongolia, and such leased lands must be devoted to the carrying on of industry, commerce, and agriculture only. However, Japan refused to be satisfied with this privilege. She encouraged her own people to settle in South Manchuria, and added the Chinese lands to their possession either by lease or by purchase under intimidation.

But, on the other hand, even suppose the Peking Treaty and the Notes of 1915 to be in effect, Japan had gone beyond her claims. Article II of the said Treaty respecting South Manchuria and Eastern Inner Mongolia restricted the privileges of Japanese subjects to lease land "by negotiation" and "necessary for erecting suitable buildings for trade and manufacture or for prosecuting agricultural enterprises," and only in South Manchuria. Moreover, under Article V of the same Treaty, these Japanese subjects "shall also submit to the police laws and ordinances and taxation of China," and the "mixed civil cases between Chinese and Japanese relating to land shall be tried and adjudicated by delegates of both nations conjointly in accordance with Chinese law and local usage."[3] Nevertheless these Japanese subjects seized land independently, erecting buildings thereon for illegal operations, and extended their leasing privileges to the interior of Manchuria, and resisted Chinese laws and legitimate taxes. In mixed civil cases relating to land they refused to abide by Chinese law and local usage. These acts on the part of the Japanese were not only prejudicial to China's sovereignty and territorial integrity to a considerable extent, but also served to aggravate the relations between China and Japan more than ever.

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[3] MacMurray, *op. cit.*, p. 1220. (See Appendix F.)

In spite of all China's injunctions and warnings against the buying of land by foreigners, the Japanese continued to purchase or even seize land. In the Lytton Report it was stated:

> In making strict regulations against the purchase of land by the Japanese, their ownership of it in freehold, or their acquisition of a lien through mortgage, the Chinese authorities appeared to be within their legal rights, since the treaty (Treaty of 1915) granted only the privilege of leasing land. The Japanese, however, complained that it was not in conformity with the spirit of the treaty to forbid mortgages upon land. . . . In spite of these obstacles, great tracts of land have, as a matter of fact, not only been leased by the Japanese, but actually obtained in freehold—although the titles might not be recognized in a Chinese court—through outright purchase, or by the more usual means of foreclosing a mortgage. These mortgages on land have been obtained by Japanese loan operators, especially large loan associations, certain of which have been organized especially for the purpose of acquiring land tracts. The total area of lands leased to Japanese in the whole of Manchuria, and in Jehol, according to Japanese official sources, increased from about 80,000 acres in 1922-23 to over 500,000 acres in 1931. A small proportion of this total was in North Manchuria, where the Japanese had no legal right under Chinese law and international treaty to acquire land leases.[4]

3. Koreans, the Tools of Acquiring Lands

Besides, in order to circumvent Chinese laws and evade her obligations Japan further employed two other methods more not so invidious to acquire Chinese land—land acquired either under the name of Chinese individual or Korean of Chinese citizenship, or by the confiscation of Chinese land on failure of the Chinese owner to redeem his loan borrowed from the Japanese financial

[4] League of Nations, *op. cit.*, p. 54.

organizations. It was usually that the Japanese employed Koreans of Chinese citizenship to negotiate with Chinese landowners for their land. Suspecting nothing, the Chinese would sell their land, which would in turn be registered under Chinese names. This disguise made detection difficult. In this connection it was stated in the *Supplementary Documents to the Report of the Commission of Enquiry* to the following effect:

> The Chinese, on the other hand, while equally desirous of having the cultivable lowlands produce rice, have generally employed the Koreans as tenants or laborers to prevent the land itself from falling into Japanese hands. Many Koreans, therefore, have become naturalized as Chinese subjects in order to possess land, some of them, however, after having acquired such titles, transferred them to Japanese land mortgage associations. This situation suggests one reason why there has been a difference of opinion among the Japanese themselves as to whether naturalization of Koreans as Chinese subjects should be recognized by the Japanese Government.
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> Complications over the question of the right of the Koreans to lease land furnished a principal cause of the so-called "oppression" of Koreans in Manchuria, especially since 1917 . . . the Koreans, except those who were naturalized as Chinese, rarely obtained land leases at all, since they were usually employed merely as tenants or laborers on Chinese estates. It is known, however, that the naturalized Koreans [*sic*], who have acquired land in freehold, have transferred the same to Japanese individuals, loan associations or land development companies, either by maintaining the fiction ownership by the Korean "dummy" titleholder, or by virtually losing possession through the effect of indebtedness of the Korean landowner to the Japanese interests, a Japanese lien in the land being acquired through mortgage, or by actual foreclosure procedure approved by the Japanese consular courts.[5]

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[5] League of Nations, *Supplementary Documents to the Report of the Commission of Enquiry* (Geneva, 1932), p. 269.

It was made clearer by the statement of a Japanese, M. K. Shiomi, of the South Manchuria Railway in 1930 that the Japanese Colonial Ministry had favored permitting Koreans to be expatriated to Manchuria in order that they might acquire the right to own and lease land anywhere in Manchuria.[6]

4. Land Purchasing Agencies

On the other hand, there were four leading Japanese financial organizations which were operated chiefly in the interest of purchasing land in Manchuria, such as the East Asia Industrial Company founded in Mukden in October 1921; the Oriental Development Company founded in 1917 with head office in Tokyo and branch offices at Dairen, Mukden, Changchun, and Harbin; the Manchuria Bank founded in July 1923 with head office at Dairen and branch offices all along the South Manchuria Railway line; and the Mutual Finance Societies started in the villages in 1924 and in the cities in 1928 within the Kwantung Leased Territory and all along the South Manchuria Railway. Besides these, there existed numerous other loan organizations and private individuals that had money invested in land purchased in Manchuria. All these financial organizations were interested specially either in farming and in financing would-be farmers or in commerce, industry, and agriculture by lending money to Japanese and Koreans. They also lent money to Chinese. But it was alone on an interest of the highest rate to the Chinese, and the deeds of the Chinese borrowers should be the securities and no other endorsement would be needed. Once they failed to redeem the loans, the loan company would confiscate their lands at last.

In addition, Japan ofttimes resorted to forcible seizure and occupation of Chinese lands. The 1926 Hsinmin (Hsinmintun) case involving the Japanese Oriental De-

[6] *Ibid.*, p. 271; "Monthly Supplement," *Manchuria Daily News*, Japanese-edited English paper, Dairen, Nov. 1, 1930.

velopment Company, the 1929 Tawan village (west of Mukden) rice paddy-field case, and the 1931 Wanpaoshan rice paddy-field case all represented enough the most flagrant of the depredations of Chinese lands.

CHAPTER XIX

THE CONTROL OF DRUG TRAFFIC AND ARMS SMUGGLING IN MANCHURIA

ABOVE all, the authorities of Kwantung Government and South Manchuria Railway Company were empowered to extend help and protection to the undesirable elements among Chinese, Japanese and Koreans in the Japanese railway settlements and the Leased Territory, such as the sheltering of Chinese corrupt officials, the surreptitious sale of arms and ammunition, the working in collusion with bandits to disturb peace and order, the trafficking in drugs (opium, morphine, heroin, etc.), the operation of gambling establishments and brothel houses, the issuance of counterfeit Chinese coins and notes, etc. On the other hand, the Chinese authorities were not permitted to suppress these nefarious activities. And the smugglers in the Kwantung Leased Territory, which enjoyed the additional special right of importing all kinds of merchandise for use or consumption in its own duty free area, could therefore first land their goods free and then smuggle them into Chinese administered territories in an unhampered manner. The Commissioner of Customs there and his staff must, according to the Dairen Customs Agreement of 1907, be of Japanese nationality, and the Chinese Government had to depend entirely upon them for the prevention of smuggling of goods into the adjacent Chinese administered territories. But, it frequently occurred that instead of affording that assistance the Japanese authorities of the Customs appeared to have connived at

the illicit trade. With the result, the Japanese railway settlements and the Leased Territory had become the hotbeds of illicit trade in Manchuria.

Whenever the Chinese judicial authorities attempted to arrest such unscrupulous Chinese in the railway areas they were prevented from doing so by Japanese police. The Japanese police authorities often ignored the requests for assistance in effecting the arrest of Chinese criminals in places over which Japan claimed jurisdiction. For these reasons Chinese criminal offenders and debtors often fled to the railway settlements to elude Chinese justice. Again, many Chinese girls were lured from respective families and sold into brothels in the railway settlements. When such cases were discovered the Japanese police would refuse to comply with the request made by the Chinese authorities for the apprehension of the offenders and the return of the girls.

Dairen, the notorious resort for the Chinese undesirable elements, afforded a place of refuge and a base of activity for the corrupt Chinese officials, who went there in order to escape punishment from the Chinese Government and to deposit their loots with the Japanese banks. One very glaring incident in 1928, when Chang Tsung-chang was ousted from Shantung by the Nationalist Army, the Japanese authorities in Dairen permitted him to arm and fit out an army directly under the eyes of the Japanese police with the object of staging a "come-back" in Shantung.[1] Dairen also served as a base of operation for dealers in narcotics and other illicit drugs for many years. There was in the city a powerful ring of dope smugglers of Japanese, Korean and Chinese nationalities who operated throughout Manchuria. Under the protection of the Japanese flag, these people had amassed vast fortunes through the undertakings of such illicit trade. There was also in the city a considerable traffic

[1] V. K. Wellington Koo, *Memoranda Presented to the Lytton Commission* (3 vols.; Baltimore, Maryland and New York: J. H. Furst Co., 1932), p. 360.

in arms and ammunition, which were sold chiefly to the bandits in Manchuria. In October, 1929, the Harbin police intercepted a complete machine gun unit, and a large quantity of ammunition, which had been smuggled from Dairen, along the South Manchuria Railway and finally to North Manchuria for delivery. Such actions of Japan hardly conformed with Japan's profession that she respected the independence and the territorial and administrative integrity of China in Manchuria. Really, Japan's policy to China was a resounding slap in the face of her virtuous declarations.

1. Drug Traffic

Japan prohibited her own subjects from smoking opium with severe penalties, but never attempted to restrict the sale of opium in the Leased Territory and the railway settlements in Manchuria. However, Japan derived much illegal profit through this illicit method. The Japanese Government allowed its people to do smuggling and to establish morphia, opium, and various other narcotic dens everywhere in Manchuria, operated under the sign of drug stores, while Chinese as their retail dealers sold the contraband under the protection of the Japanese authorities in the Japanese settlements. Nearly all the Japanese drug stores in Manchuria dealt in morphia, arms, and ammunition. The Japanese Yamato Hotels established in large cities throughout Manchuria were notorious resorts for the protection of the undesirable elements and bandits. The opening of "Small Shop," solely for selling of opium and morphia to the Chinese, and the establishment of the Japanese banks in Manchuria, principally for facilitating the illicit business transactions and for manipulating the currency in Manchuria, were only a few of many Japanese underhand means for the encroachment of Manchuria. The later prohibition of opium and narcotic drugs by the Chinese Government only served to create a most profitable

business for those drug-sellers in the Japanese railway settlements.

On the Japanese drug traffic, V. K. Wellington Koo, Chinese Assessor to the Lytton Commission, in his Memoranda submitted to the Commission wrote:

> In the Kwantung Leased Territory there is a government opium monopoly. The so-called "opium retail shops" are in no way different from ordinary opium smoking dens. There are 105 government opium dens. They have over 30,000 daily customers and the profit is about $18,000 every day. The Japanese government in Kwantung has been deriving from this opium traffic a revenue of between Yen 1,500,000 and 3,000,000 every year. Besides, there are many restaurants and brothels which also serve as places for opium-smoking.
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> The Kwantung Leased Territory is also a great centre for morphine traffic. There is a big morphine factory in Port Arthur, the annual output of which was 700,000 lbs., or more than 30 tons. While a large portion of this quantity of morphine is smuggled into other parts of China, the Kwantung Leased Territory itself consumes a good portion of it. The morphine addicts are mostly Chinese, but the morphine dens are usually owned by the Japanese.
>
> Japanese settlements or communities in various cities of the Three Eastern Provinces [Manchuria] and along the stations of the South Manchuria Railway also serve as important places for the traffic of narcotic drugs. According to information available, the Japanese settlement at Yinkou has more than 10 morphine dens; that at Mukden, over 200 opium dens and more than 10 morphine dens; that at Changchun, between 500 and 1,000 opium dens; and that at Antung, from 2,000 to 5,000 opium dens and 21 morphine dens.[2]

The Commission of Enquiry of the League of Nations reported in 1931 that the net revenue in the Japanese Leased Territory and the South Manchuria Railway "zone" derived from the Japanese Bureau of Opium Monopoly

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[2] *Ibid.*, pp. 908-909.

amounted to 20,015,196 yen.[3] After September 18, 1931, the narcotics were made an open traffic throughout Manchuria under Japanese occupation.

With reference to the secrecy of Japanese government-controlled narcotic traffic in Manchuria, it was unmasked by the Japanese themselves, as written by Mr. A. Morgan Young, British Editor of the *Japan Chronicle* (published in Japan), in the following:

> The ramifications of the case were extraordinary and preliminary examinations lasted over a year, during which time it was found advisable to dismiss Dr. Koga from his post of Director of the Colonization Bureau and to search the house of Koga's associates, including the Marquis Inoue. The names of distinguished men were involved in the scandal. Procurator-General Hiranuma, long before the preliminary examination was finished, ascribed the whole disgraceful business to the degeneracy of the upper classes. All kinds of corruption were disclosed. The South Manchuria Railway in one case bought a coal mine from a member of the Diet (of the Government party, naturally) at a very high price. Enormous sums were paid for the privilege of selling opium to the Chinese. Brokers interested in the creation of an Exchange at Dairen facilitated process with a gift of 100,000 yen. Every sort of bribery and graft seemed to center around the Kwantung and S. M. R. administrations, and the farther the inquiry went the more deeply was the Tokyo Government itself implicated. It was the first government really based on a political party —the Seiyukai—and the party had to obtain funds. Some of the evidence pointed to the Dairen Opium Bureau being its principal means of support.[4]

2. Arms and Ammunition Smuggling

We then come to the Japanese government-controlled

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[3] League of Nations, "Opium Section," *Report of the Commission of Enquiry* (Geneva, 1932); Chih Meng, *China Speaks on the Conflict between China and Japan* (New York: The Macmillan Co., 1932), p. 58.

[4] A. Morgan Young, *Japan Under Taisho Tenno, 1912-1926* (London: G. Allen and Unwin, Ltd., 1928), p. 243.

arms and ammunition smuggling to help bandits in Manchuria. To begin with, in Japan the manufacture of firearms was a Government monopoly, anyone infringing that right was punished. Nor was anyone allowed to deal in arms or ammunition without Government authorization. Smuggling arms and ammunition from Japan into China would scarcely be possible without the negligence or connivance on the part of the Japanese authorities. The fact that the Japanese Government had pulled the strings behind the arms smuggling was evidenced by the confession of Mr. Terauchi, Japanese Prime Minister, who, in replying to an interpellation in the Diet in January 1917, concerning the question of Taihei Co., openly admitted that the Japanese merchants and the Japanese military were in the habit of smuggling arms to the bandits in Manchuria.[5] Here is a most glaring instance of the Japanese government-controlled arms smuggling as reported by the Tass Agency and transmitted out by Reuter's correspondent at Moscow. It stated that numerous arrests were continuing (December 1st, 1931) at Dairen and Mukden involving Japanese employees in governmental and semi-governmental institutions—including the South Manchuria Railway and the Dairen Customs House—on charge of participation in a supply of arms to General Ma Chan-shan, who was at that time engaged in fighting against the Japanese troops. It appeared that three car-loads of arms dispatched from Dairen to Tsitsihar for the Chinese forces were detained at Mukden. The report went on to say that the preliminary results of the inquiry showed that the alleged smugglers' association was backed by prominent Japanese and non-Japanese officials in Manchuria.[6]

We now invite attention to two important Japanese

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[5] Koo, *op. cit.*, p. 681.

[6] For complete report, see *The Leader*, an American-edited daily, Peiping; *The Peking & Tientsin Times*, a British-edited daily, Tientsin; and *The China Press*, a Chinese-edited English daily, Shanghai, of Dec. 2, 1931.

publications which, dealing with the story of Japanese plot of restoring Prince Su to the Manchu throne with the bandits, 1916, made it clear beyond doubt that the Japanese were in intimate contact with the bandits whose activities the Japanese did everything to encourage. These two books have left nothing to add.

From Baron Shimpei Goto's *The Activities of Japanese Nationals and Troops in Manchuria and Mongolia*, the extracts read as follows:

> **As the Imperial Japanese Government cherished the intention of restoring Prince Su to the Manchu throne, and of utilizing the imperialists to overthrow Yuan Shih-kai by an uprising in Manchuria, Kihachiro Okura made a loan of one million yen to Prince Su to be secured on the Prince's personal property. According to the loan agreement an advance of Yen 300,000 was to be paid over to the Prince first, in order to enable him and his followers to carry out the sinister plot immediately, while the remaining sum of Yen 700,000 was to be kept by the Imperial Japanese Government for the supply in the future. Colonel Doi, a Japanese Commissioned Officer and Commander of the 5th Regiment, was then ordered to bring with him a large number of Japanese non-commissioned officers to organize and plan for the anti-Yuan Shih-kai armies.**
>
> **Since the Imperial Government and Colonel Doi were not well acquainted with real conditions in Manchuria, and owing to their connection not being particularly close with the Japanese ronin (Japanese whose profession is to disturb the peace in China), the efforts of the Japanese authorities to cause an uprising in Manchuria produced a complete failure. They did succeed, however, in mobilizing more than two thousand imperialists at Dairen in the Spring of 1916 and in organizing them into an army called the Chin-wang Chun. But in spite of the large sums of money spent by Japan, not all of these bandits or coolies were faithful to her.**
>
> **This Imperial Army was trained by Japanese officers in the Liaotung Leased Territory for several months. All this was well-known to Chinese and foreigners. That**

> the Japanese Government had a hand in it there was no doubt.[7]

The extracts from *Mounted Bandits in Manchuria,* jointly written by Kokurin Takahashi and Kifun Akama and published in 1926 by the Japanese Hakuyei Sha Book Company, read as follows:

> It is needless to say that the expedition of Bapuchapu's forces to Manchuria was designed by the imperialists, and was reinforced by the imperialist army under the leader Kawashima. The idea was to annihilate the Manchurian Army in one blow and to occupy the city of Mukden. It is unfortunate that the combined forces of the Mongolians, who are reputed for their ferocity, and the Japanese, who are both resourceful and brave, should, owing to imperfect training, fail in their campaign.
>
> The Commander of the Detachment of Mongolian Army was Munenosuke Nakagawa who had been editor of the *Asahi Shimbun* before the Russo-Japanese War. The detachment had its headquarters in Dairen where a force of 500 men were first recruited. They were secretly packed into freight cars and transported to Chengchiatun. At the same time, mounted bandits could rise and the detachment get to Chengchiatun, Bapuchapu's main army had already met with a disastrous defeat much to the regret of the imperialists.[8]

A more recent story of Japanese assistance of the bandits in Manchuria was the case of the bandit chief Lin Yin-ching in 1931, i. e., the Japanese Kwantung Army on October 1931 supplied arms and ammunition to the bandits under the head of Lin Yin-ching with the purpose

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[7] Koo, "Appendix," *op. cit.*, pp. 363-376.

[8] *Ibid.*, pp. 684-685. Bapuchapu was the chief of Mongolian bandits in Eastern Inner Mongolia. It was the Japanese plot of using the Chinese imperialists and Mongolian bandits to restore Prince Su to the Manchu throne, which consequently produced the "shooting" between Chinese and Japanese troops, known as the Chengchiatun Incident of 1916.

to attack Chinchow then still under Chinese control and drive out the Provincial government of Liaoning provisionally stationed there after the Japanese occupation of Mukden.[9]

It must be noted that the smuggling and selling of narcotic drugs and the assisting of bandits by the Japanese in Manchuria, Chinese territory, was not only an infringement upon China's independence and territorial and administrative sovereignty, but also a violation of private law as well as international law.

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[9] *Ibid.*, p. 688.

CHAPTER XX

KOREAN PROBLEM IN MANCHURIA

IN carrying on aggression in Manchuria, Japan had pursued the policy of making the Koreans as vanguard. It was for this reason that the Japanese had sought to accelerate the emigration of the Koreans into Manchuria. For the purpose to facilitate this emigration, Japan had thus in Manchuria established several development companies which loaned out large sums to the Koreans and made them buy large tracts of land on which to engage in agriculture.

1. Policy of Korean Emigration

As known to all, the Koreans were compelled to migrate from their homeland in consequence of a studied policy of the Japanese Government to displace Koreans in Korea with Japanese immigrants from Japan, or to make life so undesirable for the Koreans, politically and economically, especially by forcing them to dispose of their land holdings, that emigration to Manchuria would actually follow, thus making Koreans an unwilling vanguard of Japanese penetration into Manchuria.

With reference to Japan's underlying purpose of migrating Koreans to Manchuria, a passage of the *Supplementary Documents to the Report of the Commission of Enquiry* which has done its best is quoted below:

> The view has been widely prevalent, even among foreigners, that the fundamental cause of Korean exodus from their homeland is rather more political than economic, and has come about in consequence of a more or

less definite Japanese colonial policy devised to encourage the migration either by making life unbearable for the Koreans in their homeland or by definite encouragement to Koreans to migrate. Mr. G. L. Shaw, a British merchant long resident at Antung, in an article published in the *Japan Chronicle,* April 2nd, 1929, expressed the opinion that the Japanese Government has encouraged Korean emigration as a means of extending Japanese influence in Manchuria. The late Mr. Lennox-Simpson (Putnam Weale), in an article entitled "Forces Behind Japanese Imperialism," *Current History,* January 1920, described what he calls Japanese infiltration tactics and expressed the view that Koreans are actually encouraged to migrate to Manchuria, and, once having settled there, the disturbances which may be expanded to follow give Japan a pretext for extending the influence of her police and military forces.

Another British student of Manchurian affairs, Mr. Lancelot Lawton (*Empires of the Far East,* Vol. II), writing immediately after the Japanese annexation of Korea, expressed the view that "it would seem as though their policy was deliberately directed towards elbowing the Koreans out of their own land." A foreign missionary, who for many years had been working among the Koreans, both in Chosen and Manchuria, recently gave the author his opinion as follows:

> The Japanese authorities were at first more or less indifferent toward the Korean migration to Manchuria. Later, however, they manifested a growing interest in the phenomenon as they began to perceive the advantage to the Japanese of this peaceful penetration of Manchuria.

Japanese writers, however, who have made more thorough studies of the real causes for Korean emigration, while perhaps tending to under-estimate the numbers of political malcontents who have left Korea since annexation by Japan in 1910 do draw attention to fundamental economic causes in Korea for this migration.[1]

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[1] League of Nations, *Supplementary Documents to the Report of the Commission of Enquiry* (Geneva, 1932), p. 261.

The following interesting view of a Japanese writer, M. M. Amano, on Japanese emigration to Korea in a work in the Japanese language entitled *The Problem of Koreans in Chientao*, is similarly suggestive:

> The purchase of land and the sending of Japanese agricultural settlers by the Oriental Development Company, the Fugi Industrial Development Company and other organizations, together with Japanese capitalists, prompted the ruin of the Korean landlords and farmers and produced a rise in the prices of land and of farm rentals.[2]

In Manchuria, where there were Koreans, whether of Chinese citizenship or not, there Japan would establish police stations and maintain consular jurisdiction to protect them. The significance of Korean emigration into Manchuria was expressly told by Japanese Premier Tanaka in his Memorial to Japanese Emperor as follows:

> . . . They [Koreans] will both be the vanguard for the colonization of virgin fields and furnish a link of contact with the Chinese people. On the one hand, we could utilize the naturalized Koreans [*sic*] to purchase land for rice cultivation, on the other, we could extend to them financial aid through the Cooperative Society, the South Manchuria Railway, etc., so that they may serve as the spear-head of our economic penetration. . . . They are naturalized as Chinese only for temporary convenience. When their numbers reach two million and a half or more, they can be instigated to military activities whenever there is the necessity, and under the pretence of suppressing the Koreans we could bear them aid. And not all the Koreans are naturalized Chinese, the world will not be able to tell whether it is the Chinese Koreans or the Japanese Koreans who create the trouble. We can always sell dog's meat with a sheep's head as sign-board.[3]

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[2] *Ibid.*

[3] "Tanaka Memorial," *The China Critic*, a Chinese-edited English weekly, Shanghai, Vol. IV, No. 39 (September 24, 1931), pp. 923-934. (See Appendix L.)

Thus, Japan's policy of Korean emigration to Manchuria was not only one of solving its own alleged population and food problems, but also one of military conquest. However, the "right" to police Koreans in Chinese territory was strongly denied by China on account of the fact that as more Koreans came in and spread to the whole Manchuria, it meant that Japan would police the whole territory of Manchuria.

2. The Status and Rights of Koreans

The status and rights of Koreans in Manchuria were determined largely in three Sino-Japanese agreements—viz., the Agreement relating to the Chientao Region, September 4, 1909; the Treaty and Notes of May 25, 1915, long disavowed by China, concerning South Manchuria and Eastern Inner Mongolia; and the so-called "Mitsuya Agreement" of July 8, 1924.[4] In July 1907, Hasegawa, Commander of the Japanese Garrison in Korea, and Ito, Japanese Governor of Korea, despatched troops to occupy the Yenki region or the so-called Chientao region under the pretext of protecting Korean nationals, resulting in the signing of the Chientao Agreement between China and Japan on September 4, 1909. In this Agreement the status of Koreans was provided as follows:

> **Art. 3.—The Government of China recognizes the residence of Korean subjects, as heretofore, on agricultural lands lying north of the River Tumen. The limits of the district for such residence are shown in the annexed map.**
>
> **Art. 4.—The Korean subjects residing on agricultural lands within the mixed residence district to the north of the River Tumen shall submit to the laws of China, and shall be amenable to the jurisdiction of the Chinese local officials. Such Korean subjects shall be**

[4] "Chientao" was a Japanese version. For the text of "Mitsuya Agreement" of July 8, 1924, see J. V. A. MacMurray, *Treaties and Agreements with and concerning China, 1894-1919* (2 vols.; New York: Oxford University Press, 1921), p. 796.

accorded by the Chinese authorities equal treatment with Chinese subjects, and similarly, in the matter of taxation and all other administrative measures, they shall be placed on equal footing with Chinese subjects. All cases, whether civil or criminal, relating to such Korean subjects shall be heard and decided by the Chinese authorities in accordance with the laws of China, and in a just and equitable manner. A Japanese consular officer or an official duly authorized by him shall be allowed freely to attend the court, and in the hearing of the important cases concerning the lives of persons, previous notice is to be given to the Japanese consular officers. Whenever the Japanese consular officers find that a decision has been given in disregard of law, they shall have right to apply to the Chinese authorities for a new trial to be conducted by officials specially selected in order to assure justice of the decision.

Art. 5.—The Government of China engages that land and buildings owned by Korean subjects in the mixed residence district to the north of the River Tumen shall be fully protected equally with the properties of Chinese subjects. Ferries shall be established on the River Tumen at places properly chosen, and people on either side of the river shall be entirely at liberty to cross to the other side, it being, however, understood that persons carrying arms shall not be permitted to cross the frontier without previous official notice or passports. In respect to cereals produced in the mixed residence district, Korean subjects shall be permitted to export them out of the said district, except in time of scarcity, in which case such exportation may be prohibited. Collection of firewood and grass shall be dealt with in accordance with the practice hitherto followed.[5]

3. Chientao Region

By the foregoing provisions, the Koreans had the right to develop land only in the Chientao region which was composed of the districts Yenki, Holung, Wangching and Hunchun, but should obey Chinese laws, police, and

[5] MacMurray, *op. cit.*, p. 796.

courts and were to be treated the same as the Chinese. In matters of taxation and all other administrative requirements, the Koreans were to be treated like Chinese, and civil and criminal cases in which Koreans were involved were to be tried by Chinese courts in accordance with Chinese laws, although the Japanese Consul having the right freely to attend the trials and the right to demand a retrial if he found a decision against law, but having no right to interfere with the rendering of the judgment or with its execution. As to those Koreans who leased or bought lands in other parts of Manchuria other than the Chientao region as clearly stipulated in the said Agreement, according to treaties and Chinese laws, they ought to be only those already naturalized.[6] However, Japan, relying on the Peking Treaty of May 25, 1915 which was refused ratification by Chinese Parliament, demanded on behalf of the Koreans as her subjects the right to lease land or to unconditionally prolong the lease. In this connection, Japan was wrong in applying the Peking Treaty of 1915 to the Chientao Region. Because the rights of residence and agricultural engagement were accorded to the Koreans settled in the said Region on the condition that the Japanese Government had agreed to such Koreans being placed under the Chinese law and under the jurisdiction of the Chinese courts. Even granted the validity of the said Peking Treaty, Japanese "right" to lease lands was confined and only in South Manchuria (Article II). Furthermore, as for the rights of Japanese subjects to reside and travel and trade, they were also limited only in the South Manchuria (Articles II and III), and further provided in Article V that,

> The Japanese subjects referred to in the preceding three articles, besides being required to register with the local Authorities passports which they must procure under the existing regulations, shall also submit to the police

[6] League of Nations, *op. cit.*, p. 269.

laws and ordinances and taxation of China.

Civil and criminal cases in which the defendants are Japanese shall be tried and adjudicated by the Japanese Consul; those in which the defendants are Chinese shall be tried and adjudicated by Chinese Authorities. In either case an officer may be deputed to the court to attend the proceedings. But mixed civil case between Chinese and Japanese relating to land shall be tried and adjudicated by delegates of both nations conjointly in accordance with Chinese law and local usage.

When, in future, the judicial system in the said region is completely reformed, all civil and criminal cases concerning Japanese subjects shall be tried and adjudicated entirely by Chinese law courts.[7]

And also in the Lytton Report it was stated to the following effect:

> There exist no Sino-Japanese agreements which specially grant or deny the right of Koreans to settle, reside, and conduct occupations outside the Treaty Ports, or to lease or otherwise acquire land in Manchuria, except in the so-called Chientao District.[8]

Later, the Ministry of Interior of the Chinese Government drew up fourteen rules to govern the lease of land or houses to foreigners subject to the approval by the Chinese Government and in a period not to exceed thirty years. Turning a deaf ear to this, Japan still followed the unratified Peking Treaty of 1915.

4. Korean Nationality

In addition, Japan further forbade Koreans in due process of law to acquire Chinese nationality. She claimed that those Koreans who had been naturalized in China still remained Japanese. But, at the same time, she made

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[7] MacMurray, *op. cit.*, p. 1220. (See Appendix F.)

[8] League of Nations, *Report of the Commission of Enquiry* (Geneva, 1932), p. 56.

the Chinese Koreans buy lands and houses in Manchuria and carry on espionage. This being unlawful, there the problem of double nationality of the Koreans arose. If having a study of both the Japanese revised Nationality Law of July 1924 and the Chinese revised Nationality Law of February 5, 1929, we quickly come to know that there were no provisions or any separate laws whereby Koreans were excluded from expatriating themselves under both Japanese and Chinese Nationality Laws.[9] Even if the Japanese Nationality Law did not apply to Koreans who had become Japan's subjects since the annexation of Korea in 1910, the Chinese Government was under no obligation to recognize it. On the contrary, we have much doubted Japan's silence on the naturalization of Koreans as Russian subjects, there being a large number of Koreans in the Russian Amur Provinces naturalized under the Russian law. If the process by which the Koreans became naturalized as Chinese subjects did not run counter to the nationality laws of Japan and China, Japan could have no ground for objection to their naturalization. In spite of all treaties, nationality laws, and international law, Japan nevertheless adopted the policy of refusing Koreans the right to expatriate and to become naturalized as Chinese. With the result, Japan therefore refused Chinese jurisdiction over the hundreds of thousands of Koreans in Manchuria, and forcibly exercised extraterritorial jurisdiction over all them, whether they had been naturalized or not. Hence a serious situation arose consequently. In this connection, the Chinese Government in her Memoranda presented to the Lytton Commission in 1932 stated:

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[9] Cf. V. K. Wellington Koo, *Memoranda Presented to the Lytton Commission* (3 vols.; Baltimore, Maryland and New York: J. H. Furst Co., 1932), pp. 163-166. For the English text of the Chinese Nationality Law of Feb. 5, 1929, see R. W. Flournoy, Jr. and M. O. Hudson (eds.), *A Collection of Nationality Laws of Various Countries as Contained in Constitutions, Statutes and Treaties* (New York: Oxford University Press, 1929), pp. 175-178; for that of the Japanese Nationality Law of July 1924, see *ibid.*, pp. 382-386.

> However, as the Japanese Government has persistently refused to allow its Korean subjects to expatriate and be naturalized as Chinese citizens, a serious situation has arisen in which many Koreans who have been duly naturalized under Chinese law continue to be regarded by Japan as Japanese subjects, thereby introducing into this already complicated problem of Korean emigrants in the Three Eastern Provinces the most delicate question of dual nationality. It is this situation which has given rise to many unpleasant disputes between the Chinese and Japanese authorities, notably in the matter of jurisdiction over Koreans. For, if a Korean is a naturalized Chinese citizen, he is under the jurisdiction of the Chinese courts; but if he is a Japanese subject, he is amenable to Japanese jurisdiction except in the case of a Korean settler coming within the meaning of the Chientao Agreement of 1909. And yet it happened that in many cases the arm of the Japanese law would readily descend upon him in spite of the fact that he had been duly naturalized as a Chinese national under Chinese law.[10]

Again, Japan made her claim that the Peking Treaty of 1915, which China had refused to recognize as valid, superseded the Chientao Agreement of 1909. But, even granted the validity of the said Treaty, its Article VIII which said that "all existing treaties between China and Japan relating to Manchuria shall, except where otherwise provided for by this Treaty, remain in force"[11] shows that the Chientao Agreement of 1909 was then still of full force and effect.

It was unreasonable that Japan indiscriminately subjected all Koreans in Manchuria, naturalized or unnaturalized, to extraterritorial jurisdiction. The Chinese Government strictly forbade, under severe penalty, the mortgage or sale by Chinese owners of lands or houses to Koreans who were still Japanese subjects. But Japan,

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[10] Koo, *op. cit.*, pp. 168-169.

[11] MacMurray *loc. cit.* (See Appendix F.)

while refusing to recognize the validity of Korean naturalization and let them submit to Chinese jurisdiction, demanded on behalf of the Koreans of Japanese nationality that they should be allowed not only to lease but also to buy lands and to be exempt from Chinese jurisdiction and taxes. Thus she forced the Chinese Koreans on the one hand and instigated the Japanese Koreans on the other to clandestinely buy or accept mortgages for real property, and would cover them with an extra-territorial mantle and lay the blame on Chinese Government of oppressing them whenever such illegal acts were discovered by the Chinese authorities. Consequently, it was this situation which had given rise to many unpleasant disputes between the Chinese and Japanese authorities.

5. Instrument for Penetration

Furthermore, the lands purchased by the Chinese Koreans were gradually, on account of economic pressures, mortgaged or sold to Japanese. In this way the Koreans were utilized by the Japanese as an instrument for economic and political penetration into Manchuria. This danger later compelled the Chinese authorities to adopt some measures to check this matter.[12] However, consequently this act of Chinese authorities was accused of oppressing the Koreans. In connection with the alleged oppression of Koreans by the Chinese, it was well

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[12] The Korean population of Manchuria was in the neighborhood of 1,000,000. (League of Nations, *Supplementary Documents to the Report of the Commission of Enquiry*, pp. 252-253.) According to the *Chinese Economic Journal* of November, 1931, published by the Bureau of Industrial and Commercial Information, Ministry of Industries of China (Vol. IX, No. 5, pp. 1222-1223), about eighty-five per cent of the rice paddy-fields in the Three Eastern Provinces (Manchuria) and in Eastern Inner Mongolia (Jehol) were cultivated by Korean farmers. Again, according to a Japanese investigation made in 1928, of the three and a half million *mou* of cultivated land in the four districts in the Chientao region, more than a half was in the hands of the Koreans. In view of this keen economic competition with native farmers, it is but natural that the Chinese authorities should exercise their inherent right to take measures to protect the interests of their own countrymen. (Koo, *op. cit.*, pp. 161-162.) Cf. also, *post*, pp. 280-281.

told in the *Supplementary Documents to the Report of the Commission of Enquiry:*

> The principal reason, therefore, why the Chinese opposed the acquisition of lands by Koreans in Manchuria was the Japanese Government's insistence on the claim of right to exercise jurisdiction over them, refusing to recognize their right to become naturalized as Chinese subjects.[13]

Again, in the Lytton Report it was stated:

> By 1927, the Chinese authorities in Manchuria generally came to believe that the Koreans had become, in fact, "a vanguard of Japanese penetration and absorption" of Manchuria. In this view, so long as the Japanese refused to recognize the naturalization of Koreans as Chinese subjects, and especially since the Japanese consular police constantly exercised surveillance over Koreans, the acquisition of land by Koreans, whether by purchase or lease, was an economic and political danger "which threatened the very existence of Chinese people in Manchuria."[14]

Again, with reference to the alleged oppression of Koreans by Chinese in Manchuria, in the *Supplementary Documents to the Report of the Commission of Enquiry* it was stated:

> Examination of scores of laws, regulations and instructions issued by the Chinese authorities in Manchuria between 1927 and 1931, which have been submitted by the Japanese as evidence of "oppression" of Koreans, serves to support the statement that, generally speaking, the Chinese authorities came more and more to regard the Koreans' infiltration as dangerously competitive with Chinese immigration from south of the [Great] Wall, and

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[13] League of Nations, *Supplementary Documents to the Report of the Commission of Enquiry*, pp. 270-271.

[14] League of Nations, *Report of the Commission of Enquiry*, p. 55. Cf. also, *Supplementary Documents to the Report of the Commission of Enquiry*, p. 260.

a source of future friction with the Japanese. They do not, however, give evidence of a policy of excluding the Koreans entirely from Manchuria, their tenor being rather to encourage more care on the part of the local authorities in granting Koreans naturalization certificates, and to restrict their activities in conformity with the Chinese interpretation of the Sino-Japanese treaties and agreements. [15]

And further in the *Supplementary Documents to the Report of the Commission of Enquiry* the aim of Japan to use Koreans to acquire lands in Manchuria was clearly told:

According to the most recent figures obtained from the Japanese Foreign Office, the total arable land of the "Chientao District" is 440,000 *cho* (1 *cho* equals 2.45 acres) of which 242,000 are at present under cultivation. Of the area actually under cultivation, 141,500 *cho* is given as owned by Koreans, 100,500 being owned by Chinese. These figures create the impression that there is no agricultural land in Chientao possessed in free-hold title directly by Japanese, a circumstance which may be doubted in view of the known existence of cases of concealed ownership through the use of "dummy" titleholders, and, more particularly, because of the practice of Japanese loan associations, and especially the Oriental Development Company, of obtaining liens in land in Chientao and elsewhere in Manchuria through the media of land mortgages.

The Oriental Development Company some years ago extended its sphere of operations to Manchuria and Eastern Inner Mongolia. A branch office was established at Lungchingtsun in the "Chientao District," where it has been stated that—though this assertion cannot be verified—of the over 200,000 *cho* of cultivated land, something over 50,000 had been acquired by Japanese by 1928, especially through the operations of the Oriental Devel-

[15] League of Nations, *Supplementary Documents to the Report of the Commission of Enquiry*, p. 273.

opment Company.[16]

Moreover, in 1920, the Japanese Government despatched a large number of troops about 10,000 from Korea and forcibly occupied Yenki region or otherwise the Chientao region, which was composed of Yenki, Wangching, Hunchun and Holung districts, under the pretext of suppressing the Korean revolutionary movement resulting in the brutal slaughter of several hundred innocent Chinese and the increase of a large number of consular police permanently stationing there, although her troops were withdrawn after strong protests from Chinese Government. Thus in fact the Koreans in Chientao region came under the direct jurisdiction of Japan, and the Chientao region became no better than a Japanese territory. In addition, the Korean question was further complicated by the interference of Japanese police boxes, which were established without treaty basis whatever and demanded abolished by China at the Washington Conference, in the carrying out of official duties by the Chinese authorities especially to the Koreans, resulting in numerous unfortunate incidents. In this connection, in the Lytton Report it was stated:

> The problem of dual nationality also arose, as the Japanese refused to recognize the naturalization of Koreans as Chinese subjects. The use of Japanese consular police to invigilate [over] and protect the Koreans was resented by the Chinese and resulted in innumerable clashes between Chinese and Japanese police.[17]

And in the said Report it was also stated:

> In Chientao, more than elsewhere in Manchuria, the Japanese Government has been insistent on exercising jurisdiction and surveillance over the Koreans, over 400

[16] *Ibid.*, p. 268.

[17] League of Nations, *Report of the Commission of Enquiry*, p. 55.

> **Japanese consular police having been maintained there for years. The Japanese Consular Service, in cooperation with Japanese functionaries assigned by the Government-General of Chosen, exercise broad powers of an administrative character in the region, their functions including maintenance of Japanese schools, hospitals and Government-subsidized financing media for the Koreans.[18]**

With the Korean problem Japan had flagrantly infringed upon the sovereignty and the administrative and territorial integrity of China.

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[18] *Ibid.*, p. 59.

Part Three

MUKDEN INCIDENT AND INTERNATIONAL INTERVENTION

"At all events, neither the League nor the United States nor the two together stopped Japan, and, as on a previous occasion in 1915, the integrity of China was not preserved by reassertion of the non-recognition doctrine."

—— Paul H. Clyde

CHAPTER XXI

MANCHURIAN ISSUES PRIOR TO MUKDEN INCIDENT

THE fundamental keystone of the Sino-Japanese conflict had been inherent in one invariable and irrevocable policy adopted by Japan towards China: to keep China divided for the convenience of her final conquest, especially keep Manchuria separate from Chinese national government. History shows that Japan had tried to block international recognition of the Republic of China, advanced loans to President Yuan Shih-kai in his struggle against the parliament, and supported the warlords of North China in their battles against the revolutionary Nationalists. Japan never welcomed the unification of China under one national government and, instead, tried her best to obstruct it by means of creating incidents and using armed forces.

Under this policy Japan would protect her special rights and interests in China especially in Manchuria at any price. Under this policy frictions and complications between Japan and China inevitably followed. China consistently pointed out that Manchuria was not a dependency of China, but was an integral part of China. When the powers including Japan agreed to respect the territorial integrity of China, the agreements included Manchuria. By the use of force or the threat of force, Japan obtained concessions from China in the days of her weakness. Another incidental factor among the Sino-Japanese issues was the conflict arising out of the Sino-Japanese Manchurian treaty and notes of May, 1915.

Japan insisted upon the fulfillment of the treaty, while the Chinese persistently denied its validity. The issues tended to become more acute after 1928 when the Kuomintang (Nationalist Party) was established in Manchuria. The resurgent nationalism of China resented the losses to Japan and protested against the validity of agreements which were signed under duress. The Japanese government countered with repeated protestations that China ignored or evaded her responsibilities.

In 1928 Japanese Premier Tanaka, the advocate of the "positive policy," laid great emphasis on the necessity of regarding Manchuria as distinct from the rest of China and of defending Japan's special rights and interests there by force of arms if necessary. On the other hand, the propaganda leaders in Japan spread the idea that Manchuria was Japan's life line, and Japan must expand into Manchuria and protect the "treaty rights" of Japan and her nationals there. Then in Japan occurred the riots of the chauvinistic young officers, and the assassination of government liberals, for instance, Premier Hamaguchi wounded on November 4, 1930, by the extremists. They demanded of the government a positive policy towards China. With the result, there occurred in Manchuria a string of unpleasant incidents which aggravated the situation and rendered the negotiations on Manchurian issues virtually impossible.

1. Obstructing Manchuria's Allegiance to National Government

The cases and facts in which Japan had plotted to obstruct the unification of China by means of political power or military force were numerous in China proper in general and in Manchuria in particular. During the Nationalist movement, especially after the establishment of Nationalist Government at Nanking, Japan became uneasier about the situation of Manchuria and contemplated more positive and drastic measures to deal with

it. In December, 1925, when General Kuo Sung-ling, a lesser militarist in Manchuria, revolted against Chang Tso-lin, Manchurian highest ruler, with the view to bringing Manchuria into the Nationalist arms, Japan dispatched troops to the Mukden area to suppress the revolt for Chang's existence.[1]

In May and June, 1927, portions of Japan's Manchurian garrison were sent to Shantung ostensibly to protect Japanese life and property said to be threatened by the northern march of Nationalist troops who by this time were in control of the Yangtze Valley, but in reality for the purpose of protecting Chang-Tso-lin, who then stayed at Peking as Generalissimo of the Peking Government, from the advancing Nationalists. Nearly a year later, April, 1928 the success of the advancing Nationalists was so marked that the downfall of Chang seemed assured. Chang's survival appeared to rest on the intervention of a third power. It was in these circumstances that further Japanese troops were sent to Tsinan, capital of Shantung and terminus of the Kiaochow-Tsinan railway. At Tsinan the first clash between Nationalist and Japanese troops occurred on May 3. Japan issued an ultimatum demanding withdrawal of Chinese Nationalist forces from Tsinan and from the area of the railroad. On May 8 Japan reinforced to Shantung a division at war strength. In China the National Government presented the case to the League of Nations, May 11.

Then, as Chang was retreating into Manchuria, Japan declared to the effect that the Japanese would prevent Chinese Nationalist troops from entering Manchuria. At the same time Japan determined to murder Chang as he failed to obey her advice of abandoning his ambitions to extend his authority outside Manchuria

[1] League of Nations, *Report of the Commission of Enquiry* (Geneva, 1932), p. 28. *Vide* also, V. K. Wellington Koo, *Memoranda Presented to the Lytton Commission* (3 vols.; Baltimore, Maryland and New York: J. H. Furst Co., 1932), pp. 349-350.

and incurred the danger of spreading flames of the Chinese Nationalist influence into Manchuria. This planning murder Japan did by blowing up the special train in which Chang was returning to Mukden from Peking on June 4 the same year as it passed under the hanging tracks of the Japanese-owned South Manchuria Railway on the outskirts of Mukden.[2]

On July 17, the same year, Japan instructed Kujiro Hayashi, then Japanese Consul General at Mukden, to warn the young Marshal Chang Hsueh-liang, who had succeeded his father as ruler of Manchuria, against embracing the Three People's Principles, and later under the pretext of attending Chang-Tso-lin's funeral, sent Baron Gonsuke Hayashi as special envoy to warn the young Marshal Chang against hoisting the Nationalist flag. However, the young Marshal disappointed Japan by announcing his allegiance to the National Government at Nanking, accepting the Three People's Principles and instructing the whole Manchuria to hoist the Nationalist flag in December, 1928. He delegated the foreign affairs of Manchuria to the control of the National Government and cast in his lot with Chiang Kai-shek.

2. Long-Spun Negotiations on Railway Issues

In the years just preceding 1931, railways were the thorniest question in Sino-Japanese relations in Manchuria. The years-protracted negotiations between China and Japan on the Manchurian railway issues, such as the so-called parallel lines, the railway loans, the railway rates and the Hulutao port, attained no solution on the eve of Mukden Incident, September 18, 1931.

It should be noted that the Japanese-owned South

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[2] Koo, *op. cit.*, pp. 356-358. *Vide* also, League of Nations, *op. cit.*, p. 29.

[3] Koo, *op. cit.*, pp. 358-360; League of Nations, *op. cit.*, pp. 29-30, 42; V. K. Wellington Koo, *A Statement of the Views of the Chinese Government on the Lytton Report* (Geneva, 1932), p. 11; C. Walter Young, *Japan's Special Position in Manchuria* (Baltimore: The Johns Hopkins Press, 1931), pp. 361-363.

Manchuria Railway was operated quite as much for political as for economic reasons. Following the Russo-Japanese War, the semi-official South Manchuria Railway made it a policy to finance the construction of only such Chinese lines as would be its "feeders." This policy of the South Manchuria Railway, which was repugnant to China, stimulated the Chinese to embark on their own program of railway construction quite independent of Japanese capital. But the Chinese efforts to overcome the Japanese railway monopoly intensified Sino-Japanese friction and precipitated a conflict on the question of so-called parallel lines, which not a secret protocol as claimed by Japan had been entered only as a statement in the conference minutes of the Peking Treaty, 1905.[4] Japan and China disagreed as to what the statement meant even granted its existence valid. Japan claimed under it the right to preclude the construction of any Chinese line which the S. M. R. regarded as prejudicial to its system, while China's contention was that she was only precluded from building "lines with the deliberate object of unduly impairing the commercial usefulness and value of the South Manchuria Railway." The matter was complicated, since there was no mutually acceptable definition as to what constituted a "parallel" line.[5]

Further Sino-Japanese trouble in Manchuria was a result of Japanese financing of certain Chinese Government railways. By 1931, Japanese capital and interest to the value of Y150,000,000 had been expended in the construction of four major and a number of lesser lines.[6] Japan

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[4]For the non-existence of the alleged Secret Protocol on parallel lines question, cf. *ante*, Chap. III, pp. 50-53; Chap. XIV, pp. 217-220, especially footnote 10th.

[5]On the term "parallel line" the railroad experts attached to the Lytton Commission were of the opinion that "the terminology used is so indefinite that it can be stretched to mean almost anything." It was thus of advantage to Japan not to have a judicial interpretation of the precise meaning of the statement. See League of Nations, *Supplementary Documents to the Report of the Commission of Enquiry* (Geneva, 1932), p. 49.

[6]The four major Japanese-financed railways are: Kirin-Changchun, Kirin-Tunhua, Ssupingkai-Taonan, and Taonan-Angangchi Railways. For the agreements

complained that China would not pay the loans or appoint Japanese railway advisers as required by the agreements. China countered Japan's arguments with the contention that the loans were primarily strategic and political; that they had been made by the S. M. R. with the idea of monopolizing railroad construction; and that the lines were heavily overcapitalized and could not be put on a paying basis. But here again it is clear that the issues at stake were political. The S. M. R. had made the loans in order to build up feeders to its own system and to preclude an independent Chinese system, even when it was known that the new lines would be unprofitable for many years. On the other hand, Chinese National Government remembered that some of the Manchurian loans were a part of the Nishihara loans of 1918 made to the Anfu clique government which at that time controlled Peking and which was regarded as having sold out to Japan. Most of the Chinese therefore felt justified in repudiating the loan contracts.

Complicating the situation further was a "war of railway rates" between Japanese and Chinese lines in Manchuria beginning in 1929. The Japanese asserted that the Chinese rates constituted "unfair competition," to which the Chinese replied that their lines, unlike the S. M. R., were not concerned primarily with making profits but rather with assisting the Chinese rural population to reach markets as cheaply as possible. Each side, with ample grounds, accused the other of rate discrimination, secret rebates, etc.

Additional and later friction centered in the rivalry between the great Japanese port of Dairen in the Kwantung Leased Territory and the Chinese port of Hulutao toward which Chinese railway construction was focused. The Chinese launched, with the help of the Dutch, the

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of construction of these railways, see J. V. A. MacMurray, *Treaties and Agreements with and concerning China, 1894-1919* (2 vols.; New York: Oxford University Press, 1921), Vol. II, p. 1054.

building of a railway terminus and deepwater dock at the port of Hulutao, which would have undermined the commercial importance of Dairen. The Chinese were about to divert traffic from Dairen, as the Japanese had diverted it from Vladivostok to Dairen. Besides, the Chinese made arrangements for through traffic which enabled Manchurian farmers to ship their soya beans, the staple exported product of Manchuria, from farm to coast without the use of the Japanese line.

Finally, the Sino-Japanese negotiations on the whole complicated problem of Manchurian railways was protracted to the very eve of September 18, 1931 and resulted in complete failure. Japan became uneasy, because she believed that time was working in favor of China, unless Japan should adopt positive and immediate measures.

3. Immediate Affairs, Prelude to Japanese Military Action

Among the immediate affairs forming a prelude to Japanese military action in Manchuria were the so-called Wanpaoshan Affair and the case of Captain Nakamura. Neither was intrinsically important in itself, yet both demonstrated the way in which incidents might be used by Japan to inflame Japanese national sentiment when Sino-Japanese relations had already been strained by more fundamental issues.

In the spring of 1931 a group of Koreans at Wanpaoshan, a small village eighteen miles north of Changchun, leased a large tract of land for growing rice and started to dig an irrigation ditch several miles long across some Chinese lands. The concerned Chinese farmers took matters into their own hands, drove the Koreans from their lands, and filled up the ditch. Japanese consular police appeared to take sides of the Koreans, drove off the Chinese by gunfire, and protected the Koreans to continue their work on ditch and finish it.[7]

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[7] League of Nations, *Report of the Commission of Enquiry*, pp. 61-62.

Of much significance, however, was the use made of this incident. As a result of sensational accounts of the incident in the Japanese and the Korean press, Korea was soon aflame with anti-Chinese riots in which, according to Chinese official accounts, 142 Chinese were killed, 393 were injured, and Chinese property valued at Y4,000,000 was destroyed.[8] Japan held that the riots were a spontaneous outburst resulting from China's mistreatment of Koreans in Manchuria. The Chinese Government on the other hand claimed that Japan had encouraged their outbreak by permitting inaccurate and inflammatory press reports of the incident, and that no adequate steps had been taken to suppress the riots until much life and property were destroyed. Notwithstanding Japan expressed regret, a settlement of the affair had not been reached in September, 1931 by the two governments. But this was not all; the events in Korea precipitated a boycott of Japanese goods in China which, with the possible exception of the 1919-21 boycott, was "the most intense, the most effective, and the most prolonged" of China's efforts to employ this weapon.[9]

On June 27, 1931, Captain Nakamura, a Japanese military officer on active duty who, while on a secret mission in Manchuria for Japanese army, represented himself as an agricultural expert, was killed by Chinese soldiers near Taonan in northwest Manchuria. As in truth, Nakamura was an intelligence officer, one of whose primary assignments was to estimate the strength of Mongol nationalism and Mongol opposition to Chinese colonization of Mongol lands in northwest Manchuria.[10] Nevertheless, the case was broadcast as a propaganda material in Japan and considered a willful insult to the

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[8] V. K. Wellington Koo, *Memoranda Presented to the Lytton Commission*, p. 262.

[9] C. F. Remer, *A Study of Chinese Boycotts* (Baltimore: The Johns Hopkins Press, 1933), pp. 155-159.

[10] League of Nations, *Report of the Commission of Enquiry*, pp. 66-67.

Japanese army. The Chinese claimed that Captain Nakamura was put to death as a spy. He had carried on his person patent medicines which included narcotic drugs for non-medical purposes. Japanese officials demanded an apology, indemnity, and punishment of the murderers, but the Japanese military authorities contemplated more drastic measures. In Japan one squadron of Japanese military airplanes on practice flights over Japanese cities showered propaganda leaflets calling for military action in Manchuria. However, young Marshal Chang sent a mission to Tokyo endeavoring to find a basis for settlement of this case and other outstanding questions in Manchuria. By September 18, the Nakamura case had not been settled.[11]

On the eve of September 18, 1931, diplomatic negotiations between China and Japan dragged from crisis to crisis until the war clouds piled up in Manchuria where Japan believed her very existence to be at stake and discarded her patience in favor of aggressive military measures.

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[11] For Nakamura case, see *ibid.*, pp. 63-67.

CHAPTER XXII

MUKDEN INCIDENT AND "MANCHUKUO"

THE world events became critical in 1931. China's nationalism increased but the Chinese central government was confronted with the communist-suppress campaign, the floods and famines. The great world-wide depression deepened and was being felt by every major power, with increasingly disastrous results for Japan. Everywhere the prospects for the proposed world disarmament conference became dark. In Europe there was economic chaos which had called forth the Hoover Moratorium. England deserted the gold standard in September, and in both England and the United States there was economic distress with which neither government seemed able to deal. Soviet Russia began to rise from its ashes and demonstrated a renewal of its interest in the Far East, particularly in Manchuria. In addition, young Marshal Chang was then staying with his headquarters at Peiping and all the well-trained troops of Manchuria were moved inside the Great Wall and stationed in different places of North China. If Japan favored a policy of force to settle Manchurian issues, September 1931 seemed a time well chosen. If force were applied in Manchuria, it would be unlikely that Europe or America would interfere effectively to stop it.

Time in favour of Japanese action was well evidenced by General Honjo's Plan. On the eve of Mukden Incident General I. S. Honjo, Commander of Japanese Kwantung Army in Manchuria, submitted to the Minister of War a plan of occupying Manchuria and conquering the East Asia, in which it was stated that,

> . . . unless we actually occupy Manchuria and Mongolia . . . during this opportune moment when the world is facing an economic depression, when the five-year scheme of Soviet Russia is not yet completed, and when the unification of China is not yet accomplished, we cannot expect to effect the consolidation of the national foundation of our Empire in the present-day condition of the world. . . .[1]

What is more imporant is that Japan, disregarding the treaty provisions,[2] had continuously stationed her troops in the vicinity of Mukden and elsewhere in the South Manchuria Railway areas since the Russo-Japanese War. The presence of Japanese troops in South Manchuria would unquestionably facilitate the rapid extension of the Japanese occupation and make possible the argument that direct aggression did not take place. When hostilities were initiated it was unnecessary for the Japanese to cross a political frontier, for their troops were already on the spot in sufficient numbers to precipitate the conflict providing the Chinese should resist, and to follow up their advantage in case the Chinese should not resist.

1. Mukden Incident, 1931

Thirty past ten in the night of September 18, 1931, the Japanese Kwantung army under command of General I. S. Honjo suddenly bombarded the Chinese Northern Barracks situated at the outskirts north of Mukden and in the neighborhood of S. M. R. line. The next morning the people of Mukden awoke to astonishedly find their city under occupation of Japanese troops who seized the city of Mukden without encountering any Chinese resistance. The military action was precipitated, according to the Japanese version, by a Chinese explosion

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[1] For the text of General Honjo's Plan, see *The China Critic*, a Chinese-edited English weekly, Shanghai, Vol. IV, No. 49 (December 3, 1931), pp. 1183-1184. (See Appendix M.)

[2] Cf. *ante*, Chapter XI.

of the S. M. R. tracks. The Japanese claimed that a detachment of Chinese soldiers from neighboring Chinese Northern Barracks dynamited a section of the South Manchuria Railway at the outskirts north of Mukden and was caught in the act by a patrol of Japanese railway guards who happened to be on night maneuvers in the vicinity. The guards opened fire on the Chinese troops. The Chinese version was that the Japanese faked the explosion. In evidence the Chinese offered metal splinters which were of different composition from the rails; and they pointed out that the southbound express from Changchun passed right over the alleged damaged section of the track without any delay in its scheduled arrival time in Mukden immediately after the occurrence of the so-called explosion incident. However, the Lytton Commission, appointed later by the League of Nations to investigate conditions in Manchuria, found that,

> . . . the Japanese . . . had a carefully prepared plan to meet the case of possible hostilities between themselves and the Chinese. On the night of September 18th-19th, this plan was put into operation with swiftness and precision. The Chinese . . . had no plan of attacking the Japanese troops, or of endangering the lives and property of Japanese nationals at this particular time or place. They made no concerted or authorized attack on the Japanese forces and were surprised by the Japanese attack and subsequent operation. . . . The military operations of the Japanese troops during this night . . . cannot be regarded as measures of legitimate self-defense. . . .[3]

The Japanese, in the name of self-defense, put into operation a carefully prepared plan of procedure with swiftness and precision. Within two days after the seizure of Mukden City, the Japanese installed a Japanese mayor, Colonel Kenji Doihara, known as Lawrence of

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[3] League of Nations, *Report of the Commission of Enquiry* (Geneva, 1932), p. 71.

Manchuria and notorious Japanese plotter and intriguer upon China. The Kwantung army seized Changchun on September 19, and Kirin on September 21. With the view of not aggravating the situation for a hope on the possible withdrawal of Japanese troops the Chinese troops in Manchuria were advised by the Chinese Government to withdraw and not to offer any resistance before the advancing Japanese forces and at the same time the Manchurian local government was withdrawn to Chinchow near the Great Wall. Thus, the Kwantung army easily and swiftly occupied city after city from South Manchuria to North Manchuria. The Kwantung army occupied city after city on the pretext of protecting Japanese life and property, while the Japanese officials at home and diplomats abroad gave assurances that Japanese troops would return to the railway areas as soon as the safety of Japanese nationals and investments permitted. The commander of the Japanese army in Korea sent reinforcements into Manchuria and he told Prince Saionji that it might be necessary to send troops to the Yangtze.

2. "Manchukuo" and Henry Pu-yi

In the name of "self-defense"—a self-defense in the soil of China Japanese forces seized the city of Mukden on the night of September 18, 1931 and occupied it eventually. Under the plea of the "spontaneous character of the independence movement among the people" Japan created a new "State" in Manchuria under the name of "Manchukuo" on February 18, 1932. Henry Pu-yi, the former and last Manchu emperor of China deposed by the Chinese in 1912, was smuggled to Manchuria from Tientsin and inaugurated on March 9, 1932 as the "ruler" of the new "State" of Manchukuo.[4]

The world has known Manchukuo so much that the new "State" was created by "the presence of Japanese

[4] For the creation of "Manchukuo," see *ibid.*, pp. 88-93.

troops and the activities of Japanese officials.[5] It was a bastard of Japan. Japanese were the real rulers of Manchukuo and the Manchukuo cabinet played barely more than the role of serving as scenery at all public ceremonies. The real seat of power was not at Hsinking (formerly Changchun), capital of Manchukuo, but at Tokyo. The administrative system was dominated throughout by Japanese officials, with ultimate authority vested in the general staff of the Japanese army. The Commander of Kwantung Army, or the Commander-in-Chief of the Japanese army in Manchukuo, who was concurrently the Governor of the Kwantung Leased Territory and the Japanese Ambassador to Manchukuo, was the head authority of the Japanese administration in Manchukuo and was, in fact, a viceroy of the Emperor of Japan. To throw more light on this connection Mr. H. J. Timperley's words are quoted as follows:

> Manchukuo's vaunted independence exists only in the imagination of Japanese propagandists. As at present constituted, the Manchukuo "government" amounts to little more than a polite fiction invented to obscure the fact that Japan has gone in for imperialism in a big way. Japanese officials occupy the key positions in the Manchukuo administration and work under direction of the Kwantung Army, which in turn is subordinate, ostensibly at least, to the Japanese Imperial General Staff. Mr. Pu Yi and his team of Manchu and Chinese ministers, commonly spoken of in Manchuria as "the phantom cabinet," are entirely overshadowed by their so-called Japanese "advisers," who in fact constitute the country's real executive authority. . . .[6]

Even the Japanese themselves had so asserted,

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[5] *Ibid.*, p. 97.

[6] H. J. Timperley, "Japan in Manchukuo," *Foreign Affairs* (a quarterly, New York), Jan. 1934, p. 295.

> . . . Manchuria is at present patrolled by Japanese troops conjointly with the Manchukuo army and police by virtue of the Manchukuo-Japan Protocol. Besides, a number of high Government posts, administrative and judicial, in Manchukuo are held by Japanese. . . .[7]

As regards the smuggling of Henry Pu-yi to Manchuria, it was known that the notorious Japanese intriguer, Colonel Kenji Doihara, known as Lawrence of Manchuria and chief spokesman of the Kwantung Army, was sent to Tientsin on mission to "persuade" Pu-yi to return to the throne of his ancestors. Doihara cajoled and threatened him and finally caused a riot in Tientsin on November 8, 1931, with the aid of Japanese secret societies and underworld rogues in Japanese settlement in order to make an opportunity to spirit Pu-yi away from his residence. Doihara's gangsters rushed Pu-yi to a pier in an armed motorcar, and put him in a small military launch guarded by Japanese plain-clothes men and soldiers. But, Japan on the other hand denied any connection with the plot and gave the newspapers the story that Pu-yi was afraid of bombing incidents, riots, or threats on his life in Tientsin and of his own free will had decided to return to Manchuria. Pu-yi was held in secret and protective custody by the Japanese Army until it was expedient to bring him forward as the new "ruler" of Manchukuo. On March 9, 1932, Pu-yi was inaugurated as the "regent" of Manchukuo in the capital at Changchun, renamed Hsinking, and a "constitution" was proclaimed. Three days later, public announcement was made that the new "State" was in existence and operation, and circular telegrams were sent to the foreign powers inviting recognition. In a protocol signed on September 15 of the same year with the government of the new "State" Japan recognized Manchukuo as an independent state.[8] On

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[7] *Manchuria Fortnightly* (supplement of the *Manchuria Daily News*, Japanese-edited English paper, Dairen), October 15, 1936, p. 258.

[8] For the full text of Manchukuo-Japan Protocol of September 15, 1932, see

March 4, 1933 the borders of Manchukuo were extended by the Japanese further conquest of Jehol province (Eastern Inner Mongolia).

Repugnant to the American Non-Recognition Doctrine and the League non-recognition resolution, Japan, the creator of Manchukuo, at first recognized Manchukuo on September 15, 1932 and the Vatican in April, 1934 and El Salvador on May 19, 1934 extended recognition respectively. Italy, Japan's axis ally, formally recognized the puppet on November 29, 1936 simultaneously with Japan's recognition of the annexation of Ethiopia by Italy; and Germany, another Japan's axis ally, gave official recognition on February 20, 1938. But a German consul had arrived in Mukden on November 7, 1936. Then, came the recognition by Poland on October 19, 1938 and by Hungary on January 14, 1939.[9] On February 24, 1939, Manchukuo became a signatory of the Anti-Comintern Pact concluded by Germany and Japan on November 25, 1936. As to Soviet Russia, in selling her Chinese Eastern Railway interests to Manchukuo in 1935 thereby she presumably extended *de facto* recognition to the new "State." Moreover, Manchukuo maintained consular agents in Siberia with, of course, Moscow's consent.

On March 1, 1934, Henry Pu-yi was enthroned as "emperor" of Manchukuo with the title of Emperor Kang Teh. Regardless of his title, however, he took orders from Japan through the hands of her Kwantung Army. As the puppet emperor, Henry Pu-yi, testified at the IMTFE (International Military Tribunal for the Far East), Manchukuo was not a sovereign state at all:

Publications of the Department of Foreign Affairs, Manchukuo Government, Series No. 1, Hsingking. (See Appendix I.)

[9] In connection with the countries which recognized Manchukuo and the dates on which their recognition was respectively made, a different version is made in Paul Hibbert Clyde, *The Far East* (3rd rev. ed.; Englewood Cliffs, N. J.: Prentice-Hall, Inc., 1958), pp. 564-565.

The source of the data used in this case is the *Information of U. S. Congress Library, April 20, 1959* upon the personal inquiry of the author. For the details of the official information, see Appendix N, 2.

> . . . the Manchurian people, officials and myself lost freedom completely. When Lord Lytton came to Manchukuo, we were all under the supervision of the Japanese military officers; and wherever Lord Lytton went, he was under the supervision of Japanese gendarmes. When I interviewed Lord Lytton, many of the Kwantung military officers were beside me supervising. If I had told him the truth, I would have been murdered right after the mission left Manchuria.[10]

The creation of Manchukuo by Japan was but a step toward her later greater expansion into China proper. This expansion produced the Sino-Japanese eight-year bloody war and led to the Pacific War that began with Pearl Harbor. We may, therefore, say that it was the Manchurian affair which had consequently doomed Japan to be what is meant by the writing on the wall, that is the signing of her surrender on board the *Missouri*.

On August 10, 1945 when Japan sued for peace in World War II, the new "State," Manchukuo, immediately vanished from sight. And Henry Pu-yi was captured by Soviet Russia which declared war against Japan two days after the American atom bomb dropped on Hiroshima and launched swift offensive into Manchuria. He was later transferred to the Chinese communist regime (another puppet regime created by Soviet Russia) in 1949 when the mainland of China fell into the hands of the Chinese communists and the Government of the Republic of China moved to Formosa.

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[10] *Judgment of the IMTFE* (Tokyo, no date), pp. 605-606.

CHAPTER XXIII

THE LEAGUE JURISDICTION AND U. S. NON-RECOGNITION DOCTRINE

APART from making strong protests at Tokyo on September 19, 1931, the following day of Mukden Incident, China appealed on September 21 to the League of Nations under Article XI of the Covenant, and requested the United States, a champion of the Kellogg-Briand Pact, to aid in preserving the Far Eastern peace and the principle of peaceful settlement of international disputes. The Japanese representative at Geneva was advised by his government against any League action, however, maintaining that the incident was unimportant and could be settled by direct Sino-Japanese negotiations.

1. Evacuation Failed

No sooner had China made the appeal than the Council of the League which had just assembled when the Mukden Incident occurred recommended on September 22 that the United States, which was not a member of the League, be fully informed of what were doing in Geneva in relation to the Sino-Japanese Manchurian controversy, because the controversy raised question which involved not only the provisions of the Covenant of the League but also the understandings of the Paris Peace Pact and the Washington Nine-Power Treaty, to both of which last two agreements the United States was a party. Later, the League Council went further to invite to its table a representative of the United States on the matters

involving the Paris Peace Pact. This led to immediate consultation between the Secretary General of the League and the American State Department. The U. S. Secretary of State, Henry L. Stimson, gave assurance of American "cooperation and frankness" and expressed the opinion that the Japanese military had ignored the Japanese Foreign Office. It was thus the opinion of the American government that preparation should be made to uphold treaty obligations but that it would be wise for the Western power "to avoid action which might excite nationalistic feelings in Japan in support of the military and against Shidehara."[1] From this point on, the United States and the major League powers were in virtually constant but hardly effective consultation on the Sino-Japanese dispute.

Also on September 22 the President of the League Council sent to the Chinese and Japanese Governments a telegram of same terms containing an "urgent appeal" that those Governments should "refrain from any act which might aggravate the situation or prejudice the peaceful settlement of the problem" and informing them that he was about to begin consultation with the Chinese and Japanese representatives with a view to finding adequate means to enable the two countries to withdraw their troops forthwith without endangering the safety of the lives and property of their nationals.[2] Both China and Japan had accepted this telegram. In reply the Chinese government further pointed out that the situation was hourly growing in gravity, so that an effective application of the Council's powers brooked no delay. The Japanese Government, in its reply, declared that it had "firmly pursued the object of preventing an extension of the situation," and again stated its opinion that the

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[1] Henry L. Stimson, *The Far Eastern Crisis* (New York and London: Harper & Brothers, 1936), pp. 41-42.

[2] Cited by W. W. Willoughby, *The Sino-Japanese Controversy and the League of Nations* (Baltimore: The Johns Hopkins Press, 1935), p. 56.

controversy should be settled by direct negotiations between itself and China and added that "it had a firm intention not to depart from this line of conduct."[3] However, Japanese military operations continued in Manchuria.

Coupled with this action of the League Council, the American Secretary of State had also on September 22 handed to the Japanese Ambassador at Washington a memorandum in which surprise and concern were expressed with regard to Japanese military operation in Manchuria. "The actual situation," the memorandum declared, "is that an army of the Japanese Government is in complete control of South Manchuria," and the situation "brings into question at once the meaning of certain provisions of agreements such as the Nine-Power Treaty of February 6, 1922 and the Kellogg-Briand Pact." It further insisted that,

> . . . The responsibility for determining the course of events with regard to the liquidating of this situation rests largely upon Japan for the simple reasons that Japanese armed forces have seized and are exercising *de facto* control in South Manchuria.[4]

On September 28, China suggested to the League Council that a neutral commission should be despatched to determine the true facts. But this suggestion, as China explained, had not necessarily meant that a commission should be sent from Geneva, as there were neutrals on the spot who could be selected. This suggestion of China was viewed by the Council as an interesting one, although rejected by Japan. Also, the United States did not favor an immediate sending or appointment of inquiry commission at this time, on the reason that any

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[3] Cited by *ibid.*, pp. 57-58.

[4] The text of this memorandum is given in "Conditions in Manchuria," *U. S. Senate Documents*, No. 55, 72nd Congress, 1st Session, 1931.

action would serve to strengthen the war spirit among the Japanese militarists and deprive the Japanese civil authorities of the chance to regain control of the situation. This view of the United States had influenced Geneva to adopt an attitude of "wait and see" for a time at least.

Not until September 30, 1931 the League Council passed a resolution requesting Japan to withdraw her troops into the railway "zone," and both China and Japan "to hasten the restoration of normal relations between them."[5] This resolution was accepted by both Japan and China. But China was by no means fully satisfied with it. In the first place, the Resolution made no provision for the appointment of a Commission of Enquiry, whether one to be sent from Geneva or one composed of neutrals already in the Far East. In the second place, it fixed no definite date at which the withdrawal of the Japanese troops should be completed.

The events in Manchuria showed that, so far from withdrawing, the Japanese troops were determined to broaden their operations. On October 8, Japanese airplanes began bombing the city of Chinchow where the Chinese authorities had established a provisional government. This new feature of Manchurian situation had been conducive to the adoption of the Resolution of October 24 by the Council, directing Japan to withdraw her troops into railway "zone" by a definite date, namely, November 16. The Resolution also called upon the Chinese Government "to make such arrangements for taking over the territory thus evacuated [by Japanese troops] as will ensure the safety of the lives and property of Japanese subjects there," and requested the Chinese Government "to associate with the Chinese authorities designated for the above purpose representatives of other Powers in order that such representatives may follow the execution of the arrangements." Finally, the Resolution recommended

[5] For the text of the League Council's Resolution of September 30, 1931, see Willoughby, *op. cit.*, pp. 71-72.

China and Japan, "as soon as the evacuation is completed, to begin direct negotiations on questions outstanding between them."[6]

However, Japan from the very outset maintained that her military operations in Manchuria had no relation to anything but self-defense, and refused to recognize the juridical force of the Resolution. Instead of taking any step to effect the withdrawal of her troops Japan proceeded to extend her conquests into North Manchuria to the City of Tsitsihar and also to move southward toward Chinchow, provisional capital of Manchuria. Thus, the provision of the fixed date for the completion of the withdrawal of the Japanese troops by the Resolution remained without any effect upon the situation in Manchuria, and, as will be later seen, the provision itself was, on December 10, abandoned by the Council itself. With the refusal of the Japanese to evacuate their troops, the Resolution became inoperative.

As regards the direct negotiation, Japan made known her mind—she insisted on a direct negotiation for the settlement of overall outstanding issues between China and Japan as a condition precedent to the evacuation of her troops on reason of "self-defense" to ensure the safety of the lives and property of Japanese nationals; while China held vice versa—withdrawal of Japanese troops should be completed in advance of a direct negotiation. It was the view of China that,

> . . . So long as Japanese troops are in illegal occupation of Chinese soil, contrary to the Council's request and in violation of Article 10 of the Covenant, of Article II of the Pact of Paris, and of Article I of the Nine-Power Treaty of Washington, neither good relations nor negotiations between the two countries are possible.[7]

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[6] For the text of the League Council's Resolution of October 24, 1931, see *ibid.*, pp. 114-115.

[7] Cited by *Ibid.*, p. 138.

The real and naked idea of Japan's insistence on the direct negotiation as a condition precedent of the evacuation of her troops perhaps is that she deemed necessary the occupation of Chinese territory as a means of assuring a "suitable" adjustment with Chinese Government in future.

In addition, China suggested to the League Council to establish a permanent board of conciliation and arbitration for the peaceful and just settlement of the Sino-Japanese disputes, which was not accepted by the Council.

On November 5, the American Government delivered to the Japanese Government a memorandum which, after noting the statements by Japan that a direct negotiation for the settlement of all outstanding issues between China and Japan should be made a condition precedent to the withdrawal of her troops, and that her military operations in Manchuria were dictated only by considerations of self-defense, went on to say that "the solution of the present situation in Manchuria" and "the settlement of the broader issues involved in the treaty rights" were two distinct things and thereby should be separated. In the memorandum it was further pointed out that direct negotiations of the settlement of the broader issues ought not be made "a condition precedent to the evacuation of the occupied positions," otherwise it would give the world an impression that "Japan intends to use military pressure to bring about a settlement of the broader issues."[8]

With her military conquests safely achieved in Manchuria, Japan on November 21 agreed that the League sent the often-discussed commission of investigation suggested first by China but rejected by Japan. On December 10, a resolution for the Japanese proposal was adopted in the Council,[9] and thus, the known Lytton Commission was

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[8]For the text of this Memorandum, see *U. S. Senate Documents*, 72nd Congress, 1st Session, 1931, No. 55, p. 31.

[9]For the text of the League Council's Resolution of December 10, see Willoughby, *op. cit.*, pp. 177-178.

finally constituted in the middle of January 1932, and reached the Far East on the last day of February. The members of the Commission were: Count Aldrovandi (Italian), Général de Division Henri Claudel (French), The Earl of Lytton (British), Major-General Frank Ross McCoy (American), and Dr. Heinrich Schnee (German), with Lord Lytton as its Chairman. As "Assessors" to assist the Commission as provided in the Council's Resolution Japan appointed Mr. Isaburo Yoshida, Ambassador of Japan to Turkey, and China appointed Dr. Wellington Koo. The Secretary General of the League designated M. Robert Haas, a Director in the Secretariat of the League, to serve as Secretary-General of the Commission.

It is noticed that, aside from the provision for the sending of a Commission of Enquiry to the Far East, the Council in the Resolution of December 10 neither called upon nor recommended to the contending parties to do anything beyond what had been contained in its Resolution of September 30. Instead of taking any new action, it withdrew the requirement provided in the Resolution of October 24, that the Japanese troops should be evacuated by a definite date. The date then fixed had long passed when the Resolution of December 10 was adopted, and no mention was made of a new specific date for the evacuation of Japanese troops, although the Resolution stated that "the events have assumed an even more serious aspect since the Council meeting of October 24th." The retrograde step taken by the Council and unwillingness upon the part of the Powers represented in the Council to any action antagonistic against Japan had eventually given Japan a free hand in the preparation of an imminent attack upon Shanghai on January 28, the following year.

From a strategic point of view, it was quite proper that, at the early stage of the discussion of a proposed Commission of Enquiry, China should have made every possible effort to induce the Council to couple with the

sending of the Commission of Enquiry, energetic action with regard to the then military situation in Manchuria. This effort on the part of China had failed. She surrendered, in large measure, the conditions precedent which she had declared. Even no word expressed by China to call the attention of the Council to its position assumed in the Resolution of October 24 with regard to calling upon Japan to complete the evacuation of her troops within a specific period.

To this resolution of sending a Commission of Enquiry proposed by Japan, China had shown hearty welcome, and the United States, which at an earlier time had disapproved the project of sending a Commission of Enquiry, was now in favor of it.

As to the probable reasons why Japan now changed opposing attitude and proposed a Commission of Enquiry, it might principly be that: (1) The Japanese Government was, up to that time, aware of the fact that, as regards its action in Manchuria, there would be no real danger of active intervention on the part of the Powers, individually or collectively, through the League; and (2) with such a Commission authorized and constituted, the League or Non-Member Powers would not be likely to recommend to take further action in opposition to Japan's Manchurian policy until the report of that Commission was received, and this would give Japan an opportunity to extend and consolidate her occupation of Manchuria.

Only a few weeks later after the adoption by the League of the Japanese proposal of the Commission of Enquiry, the Japanese forces, dispersing the last southern remnants of Chinese armies, captured the city of Chinchow, January 2, 1932 despite a neutral zone around Chinchow suggested by China. The effort to solve the Manchurian conflict by peaceful means had failed. As 1932 advanced Japan completed her military conquest of Manchuria. Later, while Lytton Commission spent its time in investigation, Japan undertook the creation of a

new "State," Manchukuo, based on the "kingly way."

2. U. S. Non-Recognition Doctrine

From the beginning of Japan's military action in Manchuria in September, 1931, the League powers as well as the United States were well aware of the dangers involved. Yet as the closing months of 1931 passed by, and as Japan's military action progressed, neither the League nor the United States applied economic or military sanctions. It was the hope of the American government that peaceful elements in the Japanese government would be encouraged to reassert their influence over the army. Disappointed with this, the American government was moving from a policy of reconciliation toward one of diplomatic coercion—non-recognition doctrine, once adopted to interfere with the Sino-Japanese treaties of 1915. On January 7, 1932, U. S. Secretary of State Stimson, in identic notes to China and Japan, stated that the United States

> . . . cannot admit the legality of any situation *de facto* nor does it intend to recognize any treaty or agreement entered into between those governments, or agents thereof, which may impair the treaty rights of the United States or its citizens in China, including those which relate to the sovereignty, the independence, or the territorial and administrative integrity of the Republic of China, or to the international policy relative to China, commonly known as the open-door policy; and that it does not intend to recognize any situation, treaty, or agreement which may be brought about by means contrary to the covenants and obligations of the Pact of Paris of August 27, 1928, to which treaty both China and Japan, as well as the United States, are parties.[10]

This statement had formulated the so-called Stimson

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[10] "Conditions in Manchuria," *U. S. Sen. Docs.*, 72nd Cong., 2nd Sess., 1932, No. 55, pp. 53-54; U. S. Department of State, "Japan," *Foreign Relations of the United States*, 1931-1941, Vol. I, p. 76.

doctrine of non-recognition. The United States had invited the cooperation of the British and French governments in the promulgation of this doctrine, but the invitation was declined until the outbreak of Shanghai Incident when the League began to align itself with the doctrine. The British were reluctant to do so unless there was a determination of United States to back up the words by force. But there was no indication that the United States had been prepared to do this; in fact, she was opposed to the application of even economic sanctions.

Although disavowing in her reply to Stimson's note any intention of violating the territorial integrity of China, Japan in Manchuria, apparently with political motives, steadily extended the area of occupation. Furthermore, on January 28, 1932, to force the Chinese to buy Japanese goods, Japan again moved her naval forces to attack Shanghai where a most effective boycott of Japanese goods was then in progress. China appealed again to the League for sanctions. Meanwhile, in Manchuria Japan had moved rapidly to consolidate her political as well as her military position. While the Lytton Commission was at work, Japan created a new "State" under the name of Manchukuo which declared its independence of China on February 18, 1932. On March 9, 1932, the former and last Manchu emperor of China, Henry Pu-yi was enthroned as the "regent" of the new state of Manchukuo.[11]

Then, on March 11, 1932, the League Assembly adopted the American Non-Recognition Doctrine through a resolution which declared

> . . . that it is incumbent upon the members of the League of Nations not to recognize any situation, treaty or agreement which may be brought about by any means

[11] For the creation of "Manchukuo," see League of Nations, *Report of the Commission of Enquiry* (Geneva, 1932), pp. 88-93.

> contrary to the Covenant of the League of Nations or to the Pact of Paris.[12]

And on September 15, seventeen days before the Lytton Report was made public Japan offered an affront to the League by officially extending in a treaty formal recognition to her "offspring of aggression," Manchukuo. The move behind this act was to confront the League with a fait accompli.

3. Shanghai Episode

On January 28, 1932, Japan launched an attack upon Shanghai on reason of a strong anti-Japanese boycott movement there. The hostilities at Shanghai were of greater effect upon British opinion than anything which had happened in Manchuria, for, as U. S. Secretary of State Stimson hoped, they startled "the merchants of Great Britain into a realization of what Japanese aggression toward China ultimately meant to them."[13] As a result, there was a greater disposition of the British to cooperate with the United States. The British following the American step protested Japanese bombings at Shanghai, and concurrently with the United States sent naval and marine reinforcements to the International Settlement in Shanghai.

Meanwhile, on February 29, China invoked Articles 10 and 15 of the Covenant, under which the League would be required to assess responsibility and eventually perhaps to apply sanctions. This led on March 4 the appointment of a League Committee at Shanghai consisting of the local consular representatives of the League states to report directly on conditions there. When the Japanese requested the good offices of the neutral powers to re-establish peace at Shanghai, it seemed that Anglo-American efforts were succeeding, but since the terms

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[12] Cited by Willoughby, *op. cit.*, pp. 299-301.

[13] Stimson, *op. cit.*, p. 134.

proposed by the neutral powers were not acceptable to Japan, the effort failed. At the same time, in Manchuria the Japanese had moved rapidly to consolidate their political as well as their military position. They had created local "self-governing" administrations throughout Manchuria which were gradually combined in a new "State" which declared its "independence" on February 18, 1932. Six days later, February 24 the developing policy of the the United States was revealed in a letter from Secretary Stimson to Senator W. E. Borah, Chairman of the Senate Foreign Relations Committee. It set forth that a situation had been created in the Far East in clear violation of the Nine-Power Treaty and the Paris Peace Pact.

On March 11, 1932, the League Assembly aligned itself with the non-recognition doctrine initiated by the United States through a resolution proposed by the British. On April 30, it adopted a resolution which provided the withdrawal of Japanese forces from Shanghai and the establishment of a Joint Commission, including neutral members, to certify the withdrawal and to collaborate in arranging for the matter of transfer. Then, on May 5, China and Japan made peace at Shanghai on terms worked out by the consular committee of the League.

The subsequent withdrawal of the Japanese forces from Shanghai did not, however, indicate any change in Japanese policy. The withdrawal was rather due to the stubborn resistance of the Chinese 19th Route Army and the danger of too great involvement with the other powers at Shanghai while the Manchurian situation was as yet unstabilized. Meanwhile, the Shanghai Incident had accorded Japan a virtual free hand in Manchuria. On March 9, 1932 the former and last Manchu emperor, known as Mr. Henry Pu-yi, was enthroned as the "regent" of the puppet state of Manchukuo, and on September 15, Japan in a treaty extended formal recognition to that "offspring of aggression."

4. Lytton Report

Meanwhile, the Lytton Commission had spent several months visiting Japan, China proper and Manchuria, and had received extensive memoranda prepared by both the Japanese and the Chinese governments. In Manchuria, however, its investigations were gravely embarrassed by the fact that no one was allowed to come near it without a permit from the Japanese authorities. On the other hand, under the guise of protecting the members of the Commission, Japan evidently sought to prevent it from obtaining first-hand informations from those opposed to the new regime.

It was not until on October 2, 1932 that the report of the League's investigating body, the Lytton Commission, was published. Its appearance could not but be anti-climatic in the light of all that had happened since September 18, 1931, although its importance could hardly be overlooked. The report presented Manchuria as a complex product of historical development involving conditions unparalleled elsewhere, and found that neither a restoration of the *status quo ante* nor the continued maintenance of Manchukuo provided a satisfactory solution. Among other conditions proposed by the report as indispensable to any satisfactory solution, the most important and fundamental ones were: (1) a Sino-Japanese conference, with the League standing behind to help, but keeping hands off as much as possible, should work out a new status; (2) recognition of the rights and interests of Japan in Manchuria which are "facts and which cannot be ignored"; (3) "the government in Manchuria should be modified in such a way as to secure consistently with the sovereignty and administrative integrity of China, a large measure of autonomy designed to meet the local conditions and special characteristics of the Three Provinces [Manchuria]"; (4) establishment of internal order and security from aggression through an effective local gendarmerie and the withdrawal of all armed forces

other than gendarmerie; and (5) finally, "since the present political instability of China is an obstacle to friendship with Japan and an anxiety to the rest of the world (as the maintenance of peace in the Far East is a matter of international concern), and since the conditions enumerated above cannot be fulfilled without a strong Central Government in China, the final requisite for a satisfactory solution is temporary international cooperation in the internal reconstruction of China, as suggested by the late Dr. Sun Yat-sen."

The Report satisfied neither China nor Japan, but the Japanese were the more outspoken in their disapproval. In her reply to the findings of Lytton Commission presented to the Council of the League on November 21, 1932, Japan insisted that she alone was judge as to whether her military action was justifiable self-defense; that creation of Manchukuo resulted from the "spontaneous character of the independence movement among the people of Manchuria"; that there had been no violation of the Nine-Power Treaty or the Covenant of the League of Nations; and that the solutions proposed by the Commission were "too refined and intricate" to meet conditions as they existed in the Far East. The Japanese Government therefore asserted that since in the view of the Commission its proposals could not be applied "without a strong Central Government in China," and since there was no assurance of such a government even under international control, Japan could not "idly wait for such an uncertain eventuality in order to solve the Manchurian question."[14] Further, after the Lytton Report transmitted to the Assembly, Japan, on February 14, 1933 in communication to the League, declared that there should be no exclusion of the recognition of the independence of Manchukuo from any settlement which might be made.[15]

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[14] League of Nations, *Observations of the Japanese Government on the Report of the Commission of Enquiry* (Geneva, 1932).

[15] Willoughby, *op. cit.*, p. 471.

In the League, the report of the Lytton Commission was considered by a special Committee of Nineteen created by the Assembly, and on February 24, 1933 the Assembly adopted the draft report, which was prepared by the Committee of Nineteen in accordance with paragraph 4 of Article 15 of the League Covenant, and accepted the whole Lytton Report. In the time of voting for its adoption, Siam (now Thailand) abstained from voting, and Japan voted in the negative. China accepted it without any reserve and the United States showed cordial response to it. The draft report adopted by the Assembly exonerated China from blame for the course of events; denied that Japan's military operations as a whole could be regarded measures of self-defense in the soil of China; asserted that the sovereignty of Manchuria belonged to China and that the "Government of Manchukuo" was made possible only by the presence of Japanese troops; declared that the presence of Japanese troops outside the areas of South Manchuria Railway was incompatible with the legal principles which should govern the settlement of the dispute; and recommended: (1) the evacuation of all Japanese troops outside the treaty areas, (2) non-recognition of Manchukuo, and (3) an invitation of Japan and China to undertake direct negotiations under the good offices of a Commission on which the League, the United States, and Soviet Russia were to be represented.

Japan's response to the Draft Report was the walkout of Japanese delegation from the Assembly on the day the draft report adopted, and, finally, Japan's announcement of her resignation from the League, March 27. Meanwhile, Japanese army had completed the conquest of Jehol province and added it to Manchukuo, March 4. Japan's other forces invaded the Peiping areas south of the Great Wall, where at Tangku a truce was signed, May 31, 1933, creating a broad "demilitarized neutral" zone from which all Chinese military forces were excluded. The invasion of North China pointed directly to new phases in the problem created by the Japan's conquest of Manchuria.

CHAPTER XXIV

JAPANESE AGGRESSION AND INTERNATIONAL PEACE AGREEMENTS

MANCHURIAN crisis has shaken the general confidence in the possibilities of a world ordered through the enforcement of international law. In a broader sense, the Manchurian crisis was a second and more disheartening test of collective security as a principle, and of the means of enforcing it. As Soviet Russia adopted direct action in North Manchuria in 1929, so Japan employed force in Manchuria in 1931. Japanese invasion of Manchuria has practically tolled the death of the three principal pillars of world peace: the Covenant of the League of Nations, the Washington Nine-Power Treaty and the Pact of Paris, which faced with the Japanese plea of justification of self-defense in Chinese territory had become meaningless as effective preventives of war.

The Manchurian crisis, however, has served one useful purpose that it was to make more evident than had been previously perceived the deficiencies in the then world peace organization and to exhibit the evasion by the Great Powers, under prejudices, of their obligations that were laid upon Members of the League of Nations and upon signatories of other treaties for the peaceful settlement of international disputes.

Before the Sino-Japanese controversy over Manchurian case reached its acute form and was submitted to the League of Nations, it had generally been recognized that there were weaknesses in the League of Nations as an instrument for maintaining world peace—indeed, this

had been appreciated from the very beginning of the League's existence—and effort had been made to correct these weaknesses either by way of formal amendment of the Covenant of the League or by securing the ratification by the Members of the League and other States of bilateral or multilateral treaties which would help supplement and strengthen the obligations created by the Covenant of the League. Among such agreements were not only the many conciliation and arbitration treaties whose provisions were more specific than the corresponding provisions of the League's Covenant and treaties pledging non-aggression and providing for mutual assistance in case of aggression, as, for instance, the Locarno Treaties, and, with specific reference to China, the Washington Nine-Power Treaty; but also such ambitious projects as that contained in Article XXXVI of the Statute of the Permanent Court of International Justice (the so-called optional provision), and those embodied in the Draft Treaty of Mutual Assistance, the Geneva Protocol, the Paris Peace Pact, the "General Act" for the Settlement of International Disputes, the Convention on Financial Assistance, and the General Convention to Improve the Means of Preventing War, which last was drawn up just prior to the submission of the Sino-Japanese Manchurian controversy to the League and approved by the League on September 28, 1931.

It cannot be said, therefore, that the Sino-Japanese Manchurian controversy for the first time made evident that the peace organization of the world was not in fully satisfactory shape, but it did reveal that the defects existing in that organization were more serious than had been supposed. The effect of that revelation had helped increase the anxiety to provide more adequate means of maintaining international peace, and to prevent the raising, in the future, of such pleas in justification of military operations by one country as Japan had advanced in support of her actions in and against China. To this end the present new structure, the United

Nations Organization, seems having advanced by long strides—the use of U. N. armed forces, although not applied to satisfaction.

Of the international peace agreements, there are three principal and fundamental ones which had a direct bearing on the Sino-Japanese Manchurian controversy, namely, the League Covenant, the Washington Nine-Power Treaty and the Paris Peace Pact. They were binding China and Japan which had ratified them.

1. The League Covenant, 1919

International law is concerned not only with legal matters but also with political differences between states. In former time, war was generally recognized as an appropriate means of self-help for settling international disputes. The Hague Conferences of 1899 and 1907 can, perhaps, be said to mark the beginning of attempts to limit war as an instrument of national policy. China was a participant in both Conferences, and she was party to and was bound to adhere to the Convention for the pacific settlement of international disputes.[1]

The establishment of the League of Nations marked further progress in the movement to restrict recourse to war. The Covenant of the League definitely provided various pacific means of settling legal and political differences between States.[2] Being a member of the League of Nations, China had consistently relied on it as an organ to maintain world peace, although it failed in settling the Sino-Japanese Manchurian controversy.

In the Covenant of the League the collective sanction as a means of enforcing recourse to pacific means of settling disputes between nations may be said a new in-

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[1] A. P. Higgins, *The Hague Peace Conference and Other International Conferences concerning the Laws and Usages of War: Text of Conventions with Commentaries* (Cambridge: At the University Press, 1909), pp. 97-179.

[2] The pertinent provisions of the League Covenant are Articles 10-17.

ternational practice. Article 16 of the Covenant of the League provided:

> 1. Should any Member of the League resort to war in disregard of its covenants under Articles 12, 13, or 15, it shall *ipso facto* be deemed to have committed an act of war against all other Members of the League, which hereby undertake immediately to subject it to the severance of all trade or financial relations, the prohibition of all intercourse between their nationals and the nationals of the covenant-breaking State, and the prevention of all financial, commercial or personal intercourse between the nationals of the covenant-breaking State and the nationals of any other State, whether a Member of the League or not.
>
> 2. It shall be the duty of the Council in such case to recommend to the several Governments concerned what effective military, naval, or air force the Members of the League shall severally contribute to the armed forces to be used to protect the covenants of the League.
>
> 3. The Members of the League agree, further, that they will mutually support one another in the financial and economic measures which are taken under this Article, in order to minimize the loss and inconveniences resulting from the above measures, and that they will mutually support one another in resisting any special measures aimed at one of their number by the covenant-breaking State, and that they will take the necessary steps to afford passage through their territory to the forces of any of the Members of the League which are cooperating to protect the covenants of the League.
>
> 4. Any Member of the League which has violated any covenant of the League may be declared to be no longer a Member of the League by a vote of the Council concurred in by the Representatives of all the other Members of the League represented thereon.

However, League action in the form of collective sanction against Japan had not materialized, although such collective sanction was solemnly provided in Article 16.

2. The Washington Nine-Power Treaty, 1922

The League Covenant, the Washington Nine-Power Treaty and the Paris Peace Pact contained political provisions of importance in the Far East, though their major significance was in the procedure they envisaged looking toward the elimination of violence and the substitution therefore of pacific means of settlement. Article I of the Washington Nine-Power Treaty and Article 10 of the League Covenant by obliging the parties to respect the territorial integrity and political independence of China undoubtedly gave the parties to these treaties a legal interest in any modification of the territory or independence of China, and consequently the right to insist that no such modification should acquire validity without their recognition. The Washington Nine-Power Treaty, in addition, obliged the parties to engage in "full and frank communication" if any one of them considered that a situation involving application of these stipulations arose, and this provision had been invoked by Belgium (one of the nine powers signed the treaty) in calling the Brussels Conference in November, 1937. It also seemed to have implied that none of the parties should assist or permit assistance from their territories to acts of a party in violation of its obligations under the treaty.[3] The League Covenant went even further in obliging the members of the League to "preserve as against external aggression the territorial integrity and existing political independence" of China, subject to the duty of the Council to "advise upon the means by which this obligation shall be fulfilled."

The first two paragraphs of Article I of the Washington Nine-Power Treaty provided that the contracting parties, other than China, agreed:

(1) To respect the sovereignty, the independence, and

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[3] Quincy Wright, *The Existing Legal Situation As It Relates to the Conflict in the Far East* (New York: Institute of Pacific Relations, 1939), p. 98.

the territorial and administrative integrity of China;

(2) To provide the fullest and most unembarrassed opportunity to China to develop and maintain for herself an effective and stable Government.

But these two provisions had been practically tolled to death by the Japanese invasion of Chinese territory, Manchuria, in 1931.

3. Paris Peace Pact, 1928

On August 27, 1928, a General Treaty for Renunciation of War was signed at Paris by representatives of fifteen Governments. The Treaty, generally referred to as the Kellogg-Briand Pact, the Pact of Paris or the Paris Peace Pact, was binding upon more than sixty nations including China and Japan. The essential points of the treaty were the following:

Art. I. The High Contracting Parties solemnly declare, in names of their respective peoples, that they condemn recourse to war for the solution of international controversies and renounce it as an instrument of national policy in their relations with one another.

Art. II. The High Contracting Parties agree that the settlement or solution of all disputes or conflicts of whatever nature or whatever origin they may be, which may arise among them, shall never be sought except by pacific means.

By this Treaty the Signatories had renounced war as an instrument of national policy. Theoretically speaking, all disputes arising between States parties to the Treaty were to be settled by pacific means. Unfortunately, facts were not in accord with theory. Since the conclusion of the Paris Peace Pact, China had been invaded four times by the forces of the co-Signatories of the Treaty: by Soviet Russia in the case of the attack on North Manchuria in 1929; by Japan in the case of the occupation of Manchuria in 1931; by Japan in the case of attack on Shanghai in 1932; and again by Japan which invaded

China proper on July 7, 1937. In all these cases, the other Signatories of the Treaty had done little effectively to stop the invasions.

From a legal point of view it seems clear that the meaning of the Treaty was to be determined by the text, which alone was ratified by all the parties, and that the preliminary correspondence among the parties during its negotiation had merely an interpretative value indicating that the right of self-defense in the presence of an immediate threat to vital interests was not forbidden by the treaty, but that it belonged, not to the state exercising this right, but to international procedures to determine whether a particular act alleged to be in self-defense was in fact to be so regarded.[4] The United States and the Members of the League of Nations had held that the Japanese invasion of China in 1931 was not permissible act of self-defense, as claimed so by Japan.[5] The Paris Peace Pact did not impose any specific obligations upon its parties to undertake either independent or collective sanctioning action in the event of its violation, although it had been asserted that its spirit required consultation in such a crisis and the prevention of assistance to the violator. The United States, in fact, initiated a discussion of its application among the powers on the occasion of Soviet Russia's military action in 1929 and Japan's military action in 1931 in Manchuria. Later Secretary Hull repeatedly referred to its provisions in official communications in the Japanese invasion of China proper in 1937. However, no further and useful steps were taken among the Signatories of the Treaty in the face of military actions of the aggressors, Soviet Russia in 1929 and Japan in 1931.

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[4] Quincy Wright, "The Meaning of the Pact of Paris," *American Journal of International Law*, January 1933, Vol. 23, p. 94.

[5] See "Resolution of League of Nations Assembly," February 24, 1933 and the Note of the United States, Feb. 25, 1933.—Manley O. Hudson, *The Verdict of the League* (Boston: World Peace Foundation, 1933), pp. 72, 87. See also "Resolution of League of Nations," Oct. 6, 1937 and the Declaration of the United States, Oct. 26, 1937.—Chinese delegation to the League of Nations, *Japanese Aggression and the League of Nations* (Geneva: Press Bureau of the Chinese Delegation, 1937), pp. 53, 62.

CHAPTER XXV

SOME LEGAL QUESTIONS ARISING FROM "MANCHURIAN CRISIS"

IN connection with the Sino-Japanese Manchurian controversy there has arisen some questions of the League jurisprudence and international law which deserve considerations.

During the course of Sino-Japanese controversy from the time of its outbreak on September 18, 1931 and its submission to the League jurisdiction, Japan, as had been seen, was persistently and invariably asserting that she was not waging war against China, and her military operations were necessitated by considerations of legitimate self-defense to protect the lives and properties of her nationals in China.

However, the events in the Far East between China and Japan from September 18, 1931 to December 9, 1941 when China followed the United States to declare war on Japan, constituted war in every sense save the legal one recognized by international law—a legal war is a status which will bring into operation the belligerent and neutral rights and obligations recognized by international law. By the application of force, Japan had gained control of nearly half China up to the year of 1941, yet here was something which the international legal opinion of governments did not regard as war, and which the Japanese euphemistically termed as "incident."[1] It was

[1] On the legal nature of war, see C. C. Hyde, *International Law Chiefly As Interpreted and Applied by the United States* (3 vols., 2nd rev. ed.; Boston: Little Brown & Co., 1951), Vol. III, pp. 1679 ff.

in reality one of those extraordinary phenomena of the twentieth century—peaceful war, undeclared war, or war that is not a war at all.[2] Nevertheless, whatever one might call these events, their effect was to reshape the Far East more radically than any previous "incident" since the British in 1842 had fashioned the Treaty of Nanking as the gauge of China's relations with the foreign powers.

1. Japan Resorted to War and Committed Acts of War

As known, there existed widespread hostilities between Japanese and Chinese armies in China, 1931-1941, yet Japan refused to declare waging war because of her obligations under the League Covenant and the Paris Peace Pact, and China refused to regard the acts of war committed by Japan as creating a state of war, probably because she wished to localize the conflict and avoid the rigors of general hostilities. Diplomatic relations between China and Japan were uninterrupted (until 1938), as had previously been the case between Italy and Greece in the Corfu episode in 1923, and between Greece and Bulgaria in 1925.[3] The Japanese Government repeatedly in 1931-1941 declared, just as the Italian Government in 1923 and the Greek Government in 1925 did, that the act of armed forces to which it was resorting was done without belligerent intent.

It is generally acknowledged by the practice and the treaties on international law that "the State against whom measures of armed forces are taken may treat them as war, either by declaring that a state of war exists, or by meeting force with force."[4] Henceforth, Japan's

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[2] L. H. Wooley, "Peaceful War in China," *American Journal of International Law* XXXII, 1938, pp. 314-319.

[3] Herbert W. Briggs (ed.), *The Law of Nations: Cases, Documents, and Notes* (Sec. ed.; New York: Appleton-Century-Crofts, Inc., 1952), p. 973.

[4] *Ibid.*, p. 974.

actions of armed forces in China, 1931-1941 might be treated as a war—a *de facto* war, though there existed not a state of war in the legal sense of international law—a *de jure* war.

Whether the use of armed forces by a state constitutes war in the legal sense depends, either upon the manifestation of an intention to make war by declaration, ultimatum or other overt acts as provided by the Second Hague Convention of 1907, or upon the treatment of the acts of force by the state against which they are committed as having created a state of war, or even upon the general recognition of the situation as war by the third states,that situation will bring into operation the belligerent and neutral rights and obligations as provided in international law. In the course of Sino-Japanese controversy, it was reasonably clear that as soon as the extent of Japan's military actions in China was revealed, other third states might have declared or recognized that, so far as themselves were concerned, a state of belligerency had been created and such state would bring into operation the rights and obligations attaching to such a status. But no state was obligated to make such a declaration or recognition, and none in fact deemed it desirable to do so.

If, then, it be agreed, as all do agree, that no state of formal war, as defined by international law, existed between China and Japan, 1931-1941, another question arises whether Japan had, by virtue of her actions, "resorted to war" as that term was used in paragraph 4 of Article 13 and paragraph 1 of Article 16 of the League Covenant, or whether she had violated the provision of paragraph 6 of Article 15 of that Covenant, "not to go to war." In other words, the question is whether the term "war" as employed in the Covenant should be so broadly interpreted as to make it include all unjustifiable acts of "force." It is unfortunate that in the Covenant there were no definitions upon the terms "war" and "resort to war." Even the discussion attending the

drafting of that instrument threw little light upon their intended meaning.

However, prior to the arising of the Sino-Japanese controversy, the League had committed itself in a fairly definite way to the proposition that a state, resorting to armed force against another state, except under the circumstances expressly sanctioned by the Covenant, would, though denying an *animus belligerendi*, be a violator of the Covenant. As early 1921, in the Report to the Council by the committee appointed to consider the matter of international blockade as an agency to be employed under Article 16 of the Covenant, it was declared that

> By the terms of the Covenant a State which resorts to war against a State Member of the League in violation of the provisions of Articles 12, 13 and 15—i. e. which undertakes armed action against that State—is regarded as having committed an act of war against all the Members of the League.

Here it is clear that there was in the mind of the members of the committee no idea that an *animus belligerendi* needed to be present. Such was the principle applied later to the Corfu case in 1923 and the Greco-Bulgar case in 1925. Thereby, had the members of the League represented in the Council deemed it desirable to take or recommend action against Japan as a violator of the Covenant, they would have found sufficient warrant in the facts, even as disclosed in the very first days following the night of September 18, 1931, and abundant authorization in the Covenant as it has been mentioned above. In other words, by invading China, Japan, within the meaning of the Covenant and in violation of its Articles 12 to 15, had resorted to war and had committed acts of war against China.

2. Japan's Military Actions not for Self-Defense

The Paris Peace Pact of 1928 to which Japan was one

of the signatories did not prohibit acts of legitimate self-defense upon the part of the signatories to it. This must be admitted. Though not so stated in the text of the Pact itself, it is clear from the correspondence attending its signing that the Powers were giving themselves against aggressive attacks or even against immediately impending threats of attack. The strongest statement of this reserved right of self-defense upon the part of the signatories to the Pact is probably that of American Secretary of State Kellogg, contained in a note of the American Government to a number of other Governments, dated June 23, 1928. As to this, Secretary Kellogg, in his previous address to the American Society of International Law on April 28, 1928, said,

> Every nation is free at all times and regardless of treaty provisions to defend its territory from attack or invasion and it alone is competent to decide whether circumstances require war in self-defense.[5]

As regards the purpose for which defense measures may be employed, it will be observed that Secretary Kellogg limited this to the prevention of invasion of a state's own territory. No express recognition was made by him of a right upon the part of a state to invade the territory of another state for any purpose, although it may be reasonably assumed that it was not intended to be asserted that a state would not have the right to send its armed forces upon the soil of another state if such military action was imperatively needed in order to forestall and prevent a clearly foreseen intention upon the part of that other state to invade the first state's territory. Certainly, there is no suggestion, in Secretary Kellogg's statement, of an implied reserved right upon the part of any signatory to conduct military operations upon the territory of another state amounting, objectively considered,

[5] Cited by W. W. Willoughby, *The Sino-Japanese Controversy and the League of Nations* (Baltimore: The Johns Hopkins Press, 1935), p. 554.

to the waging of war against that state for any purpose whatever beyond that of preventing an immediately impending military attack upon its own territory.

With regard to the statement made by Secretary Kellogg that each state had the right to decide whether self-defense measures need to be taken in order to repel an invasion of its own territory, it is to be repeated that while, of necessity, a state must judge for itself when the occasion for self-defense has arisen, and what measures to that end are required, there is no ground for holding that such measures, when taken by a state, are not subject to examination and possible condemnation by other states. The use of armed forces for self-defense can be allowed only when the State's rights must be "menaced or actually violated and cannot in any other way be protected or repaired."[6]

During the course of the Sino-Japanese controversy, Japan, at times, asserted the doctrine that to her belonged not only the right to decide as to what measures she should take upon ground of self-defense, but that she had the sole and final right to judge as to their propriety. But, it is clear that Japan was not threatened with invasion of her territory by Chinese armed forces. Hence, she could not properly claim that she was acting in pursuance of a right of self-defense as defined by Secretary Kellogg.

Then here remains another question as to whether Japan's military actions in China on plea of self-defense for protection of the lives and property of her nationals were under the established principles of international law and practice governing the protection by one state of the lives and property of its nationals within the territory of another state.

The right of a state to intervene or interpose with force in or upon the territory of another state in order to

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[6] J. Elliot Cross, *Christian Ethics* (New York: Devin-Adair Co., 1948), p. 338.

protect its own interest or the interests or lives of its nationals within that state, is under certain circumstances recognized by international law and practice. However, the questions as to the circumstances under which such intervention or interposition may be deemed a licit one; and what actions are proper in pursuance of such intervention or interposition, are quite important ones.

Japan had alleged that, prior to the date of September 18, 1931, China could not give adequate protection to Japanese nationals in China, and that the immediate justification for her invasion and military occupation of Chinese territory was that such actions were necessitated and justified because of the inadequate protection supplied to her nationals in China by the Chinese authorities.

In regard to the right of intervention by force for such a purpose, it may properly be employed only when such exercise is clearly and imperatively called for. A well-known and generally accepted statement of this governing rule which was made by Daniel Webster on August 6, 1842 when he was American Secretary of State was that self-defense of this kind should be confined to cases in which the "necessity of that self-defense is instant, overwhelming and leaving no choice of means, and no moment for deliberation."[7]

Thus, it is to be noticed that the use of armed force for self-defense in the territory of another state being permissible only because of the imperative need for its employment—actual violation of rights and no alternative for protection, no actions not demanded by this need can be held justifiable. Applying this observation to the military acts of Japan in China, they could not be legitimated upon the ground of self-defense, so far as they had not been demanded by the objective need. The Lytton Commission declared that the situation as existed in the

[7] *Webster's Works.* Vol. V, p. 30, cited by Willoughby, *op. cit.*, p. 561.

night of September 18, 1931 did not justify Japan's military actions in China upon the ground of self-defense. Regarding the events on the night of September 18, 1931, the Commission in its Report said that "the military operations of the Japanese troops during this night [of September 18, 1931] . . . cannot be regarded as measures of legitimate self-defense." [1]

During the course of the Sino-Japanese controversy before the League there was, rather surprisingly, no attempt made in the Council or the Assembly to examine with juridical carefulness the plea of self-defense which Japan had put forward.

3. Jurisprudential Questions about Japan's Withdrawal from the League

As has been earlier mentioned, Japan's entire delegation had walked out from the Assembly of the League on February 24, 1933 when the adoption of the Draft Report by the Assembly was declared. A month later, on March 27, Japan gave notice of her intention to cease her membership in the League through a communication sent to the League.

According to paragraph 3 of Article 1 of the Covenant, it is to be noted, first of all, that the declaration of an intention to withdraw did not effect a State's withdrawal until two years thereafter, and, therefore, the State giving notice of withdrawal remained for that two-year period a Member with all the rights and obligations thereunto appertaining. This point was emphasized by a statement made by the then Chinese Minister of Foreign Affairs, Lo Wen-kan. However, the League had not any discussion of the jurisprudential question which was possible to arise with regard to Japan's notice of withdrawal from the League.

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[1] League of Nations, *Report of the Commission of Enquiry* (Geneva, 1932), p. 71.

One of the important jurisprudential questions was of direct significance to the Sino-Japanese controversy.[9] It was as whether Japan was in a position to withdraw from the League in view of the fact that, in connection with her controversy with China, she had not fulfilled her obligations under the Covenant, or those imposed by the juridically binding Resolutions adopted by the Council and Assembly of the League in the course of the Sino-Japanese controversy or under the treaties and international law. It would seem that the League might have raised this point at the time when Japan gave notice of her intention to withdraw, or, at least at the time, two years later, when Japan's notice became operative. In fact, however, no such point was raised, although the then Chinese Minister to Switzerland, Dr. Victor Hoo, called the League's attention to the fact that Japan had not fulfilled the conditions prescribed by the Covenant for withdrawal from the League.

On March 27, 1935 when Japan ceased to be Member of the League, M. Avenol, Secretary-General of the League, announced that "the legal bonds between Japan and the League cease to exist. Japan no longer has any rights or obligations as regards the League." To Avenol's statement, Dr. Hoo was reported to have said: "It is not for M. Avenol to interpret the Covenant of the League of Nations. In a crude sense he has ventured to contradict Article 1, paragraph 3."[10]

Furthermore, even though no longer a Member of the League, Japan undoubtedly remained legally bound by the Resolutions adopted by the Council and Assembly of the League while she had been a Member of that body.

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[9] Incidentally, whether Japan after her withdrawal from the League still had a right to continue as Mandatary of the Pacific Islands formerly belonging to Germany, was also a significant question of international law.

[10] Cited by Willoughby, *op. cit.*, p. 602.

CONCLUSION

THE problem of Manchuria was not only a regional problem among China, Japan and Russia, but also a world-wide problem involving the western powers. While the interest of Japan and Russia was same—to occupy Manchuria exclusively, the interest of the Western powers, notably of the United States, was to keep Manchuria a free field for economic competition and an integral part of China. To this end the Western powers, especially the United States, had actively opposed every effort to detach Manchuria from China and had never conceded that Manchuria was exempted from the Open Door Doctrine laid down for China by John Hay. However, there came the military occupation of Manchuria by Japan in 1931 and the subsequent creation of Manchukuo by Japan in 1932.

Historically, Russia and Japan were two alternative enemies to China with Manchuria as the victim. The final aim of the two powers struggling for the exclusive domination over Manchuria was same, namely, the conquest of Manchuria. Japan was more imperialistic and exigent, upon which the past fifty-year history of Sino-Japanese relations, 1895-1945, has spoken for itself. Japan's determination to conquer Manchuria has been evidently revealed by her repeated claim that the bodies of thousands of her men killed in the time of Russo-Japanese War of 1904-5 were a part of Manchurian soil and therefore the tenure of Japan's "special rights" there was bought by blood. This means that if you do not accept this claim, bring on your guns. But the so-called special rights which were but the illegal rights claimed by Japan in Manchuria, not only could not be recognized

by the international instruments, but also conflicted with the sovereign rights of China and the principle of Open Door and was irreconcilable with the aspirations of the Chinese Government, which sought to curtail exceptional rights and privileges of foreign states throughout China and to prevent their further extension in the future. As a matter of fact, apart from the legal rights derived from the Portsmouth Treaty of 1905 Japan had not any more rights to be claimed in Manchuria. However, Japan's aim was not limited to those legal rights. As wanting to conquer Manchuria, Japan had to claim "special rights" or illegal rights in Manchuria by forcing on China a series of agreements and treaties. If there were any "special rights," they were those squeezed illegally from the agreements and treaties under her bayonets which had built Japan's "special position" in Manchuria. Of course, it cannot be denied that it was the weakness of China which had invited Japan's aggressions. On the other hand, Japan had done her best to make use of a weak and divided China to carry out her aim of conquest of Manchuria.

Three treaties had prepared Japan to build a "special position" in Manchuria eventually leading to its conquest. They were the Russo-Japanese Portsmouth Treaty of September 5, 1905, the Sino-Japanese Peking Treaty of December 22, 1905, and the so-called Sino-Japanese Peking Treaty of May 25, 1915 which was declared invalid by China. It was the Russo-Japanese Portsmouth Treaty of 1905 through which Japan had first got her treaty rights and interests in Manchuria; the Sino-Japanese Peking Treaty of 1905 which legalized the treaty rights and interests acquired by Japan in Manchuria from the Portsmouth Treaty. Not contented with this and inspired by her ambition of conquest, Japan went further beyond the limits of treaty rights and interests and incessantly seized the illegal rights and interests through the notorious Sino-Japanese Peking Treaty of 1915 and various other subsequent agreements which were forced upon China

in time of weakness by threat of force. Thus the so-called special position of Japan in Manchuria was built and developed by her bayonets, not by the willingness of the Chinese.

1. Controversial Issues and Irreconcilable Differences

In 1904 Japan fought Russia because of the fear and jealousy of Russian domination of Manchuria. But, as soon as Russia was driven out, Japan immediately took Russia's place to close a more rigid grip upon Manchuria, especially upon South Manchuria. The Russo-Japanese War broke out in 1904 and was closed 1905 by the Treaty of Portsmouth, whereby the Russian leasehold on the Liaotung Peninsula was ceded to Japan together with the part of the Russian built and operated Chinese Eastern Railway running between Changchun and Port Arthur, known as the South Manchuria Railway, and all Russian rights connected therewith. It was further provided that both countries were to maintain a limited railway guard along their respective portions of the line. In December, 1905, China and Japan signed a Peking Treaty confirming the transfer and in supplementary agreement Japan bound herself to withdraw her railway guard if and when Russia did so. Russia had withdrawn her troops on China's demand in 1924 after the Bolshevik revolution, but Japan did not do so. This question constituted one of the controversial issues between China and Japan. Secondly, it was contended by Japan that China in a secret protocol attached to the Peking Treaty of 1905 engaged not to construct any railway parallel to the South Manchuria Railway, but China denied its existence. Chinese railways later built though not parallel to the S. M. R. were protested by Japan as a violation of the so-called secret protocol. This question constituted another one of the controversial issues between China and Japan. On the eve of the Mukden Incident in 1931, there had been a

sharp diplomatic struggle over the railway issue, and in large part the Incident was precipitated by this struggle.

The original concession of the Liaotung Peninsula leasehold was for twenty-five years, expiring in 1923; the Chinese Eastern Railway was ceded for eighty years from the date of completion, or until 1983, with a provision that China might recover the railway by purchase in 1939. In 1915, however, Japan presented an ultimatum to China, forcing the latter to sign a treaty on May 25 based on the so-called Twenty-One Demands, whereby the leasehold on the Liaotung Peninsula was extended to 1997 and the concession for the South Manchuria Railway to 2002. The right of repurchase by China of the S. M. R. in 1939 was revoked. China had since contended that this treaty, being extorted by Japanese force and not ratified by Chinese legislature, was invalid and that Japan's continued presence in Dairen, Port Arthur and environs was an act of trespass. It was a contention which Japan of course had not even recognized. This was the fundamental issue between the two countries, China and Japan and it was an irreconcilable difference. All other disputes of irreconcilable character in Manchuria as to the status of Japanese citizens, the right to purchase land and similar questions were corollary thereto.

In a word, we may say that almost all the disputes of irreconcilable character between China and Japan in Manchuria had fundamentally arisen from one principal treaty, i. e. the so-called Peking Treaty of May 25, 1915 and the subsequent agreements derived directly or indirectly from it. The reason lies in the fact that the Treaty was officially disavowed by the Chinese Government, while Japan claimed its existence.[1]

1. Sovereignty vs. "Privileges"

Japan's position in Manchuria was rather political

[1] For the invalidity of the Treaty of May 25, 1915, cf. *ante*, Chap. I, pp. 19-21.

than economic. Although the original Sino-Russian railway agreement of 1896 had conferred upon the Chinese Eastern Railway Company the "absolute and exclusive administration of its lands," the Chinese government denied on legal grounds that this had conferred political control in the railway areas. They pointed to other clauses of the agreement which suggested, it had never been intended that Russia or Japan should exercise broad administrative rights such as police, taxation, education, and public utilities. For instance, we take Japanese railway guards and the consular police. Unwarranted by any treaty, the Japanese railway guards were stationed both in and outside the railway areas, and the Japanese consular police were located not only in the railway areas but also at Japanese consulates in various towns and cities. Japan claimed that the railway guards stationing outside the railway areas were for the safety of the railway despite the administrative sovereignty of China; and that the consular police were a proper feature of extraterritorial system and they were an extension of the consular courts. The practice of stationing police had no legal basis but the Japanese justified it by reason of greater number of their nationals, especially Koreans, living in Manchuria. Therefore, the Manchurian issue was a contest for political control between China and Japan. As in China proper, so in Manchuria, the goal in the Chinese government was complete sovereignty, *de facto* as well as *de jure.* This was a goal which Japan, jealously guarding her "special position," was not prepared to concede. In reality, Japan's position in Manchuria was protected by the Kwantung army in the leased territory, by railway guards in the railway areas, and by consular police in various districts.[2] This enjoyment of administrative privileges

[2] The police power which Japan exercised under extraterritoriality made possible a large Japanese traffic in opium and arms. There was a flourishing business in the smuggling of arms to Chinese bandits, while bandit activities in turn provided a pretext for bringing pressure on the Chinese government. Throughout the South Manchuria Railway areas there were Japanese "drug stores" under the

by Japan in the territory of China was a natural product of stormy historical development.

Manchuria was admittedly a part of China but it was a part in which Japan had acquired or claimed exceptional rights and interests. China regarded Manchuria as her "first line of defense"; Japan, as her "life line." The Japanese stressed that they had won the Liaotung Peninsula in 1895; that they had saved Manchuria from Russia in 1905; that Japanese capital was principally responsible for the development of Manchuria; and thus that by reason of needs of defense and exceptional "treaty rights" they had acquired a "special position" in Manchuria. Japan's fixed policy was therefore to secure her Manchurian vested interests, to expand them when and where possible, and to protect them by fostering the idea that Manchuria and Eastern Inner Mongolia were special regions, distinct from China proper, and that in these regions it was Japan's obligations to maintain "peace and order." Thus, the exceptional rights claimed by Japan so much restricted the exercise of China's sovereign rights, and the efforts of Japan to implement this policy so much ran counter to the increasing Chinese nationalism, that a conflict between the two countries was a natural result.

3. Nationalism vs. Imperialism

In the years after the Chinese revolution of 1911, especially after the Northern Expedition of 1926-28, a rising Chinese nationalism spread throughout whole China. China set out to recover her alienated territories and sovereign rights. As a result, the social and economic ties uniting Manchuria with the rest of China had grown stronger. With the great influx of Chinese immigrants

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protection of extraterritoriality which were the centers for dispensing opium and smuggled arms.—League of Nations, *Report to the Council on the Work of the Twenty-Third Session by the Advisory Committee on Traffic in Opium and Other Dangerous Drugs*, Geneva, June 7-24, 1938. (Official No. C 237. M.—136, 1938, XI.) For the Japanese traffic in opium and arms, cf. *ante*, Chapter XIX.

into Manchuria, the Chinese interests came to play a much more important part than formerly in the development and organization of economic resources of Manchuria. In 1928, that the Manchurian authorities formally recognized the authority of the Chinese national government had brought Manchuria into closer political union with the Chinese Nationalist movement.

In South Manchuria, China entered upon a railway building program with the object of laying down a system which would drain off Manchurian products via the South Manchuria Railway system to Dairen, the Japanese port. Simultaneously she sought by establishing banks, factories, mills, and trading concerns to break Japan's economic strangulation. In North Manchuria, China encroached steadily if indirectly on Russia's position on reason of Russian communist activities and instigations. China had been on bad terms with Soviet Russia since the repudiation of the informal alliance and the severance of diplomatic relations between the two countries in 1927. There were numerous incidents and in 1929 China resorted to direct action. She seized the Chinese Eastern Railway, arrested a number of Russian employees of the line and deported several higher officials, including the general manager. Soviet Russia dispatched a military expedition into Manchuria and after inflicting a sharp defeat on Chinese troops compelled China to restore the *status quo ante.*

Chinese nationalism in Manchuria was economic no less than political. China aspired to the profits from Manchurian development for herself. China's railway program in Manchuria was evidence of breaking Japanese South Manchuria Railway system. The Chinese after 1925 were more than ever determined to develop in Manchuria their own railway system with the Hulutao port as an outlet. The rapid development of this Chinese system and port caused alarm among the officials of the South Manchurian Railway, who became equally deter-

mined to prevent the Chinese from "strangling" their railway. While the rush of Chinese immigration into Manchuria offered Manchuria promise as a market, it tended also to fix a new economic polarization and to draw Manchuria into China's economic orbit.

On the other hand, to Japan Manchuria represented a huge vested interest and an economic outlet. Abstractly there is no reason why all Japan's needs from Manchuria could not be fulfilled without exclusive domination. In actuality there are two reasons why Japan would not rely on the working of natural law. The first is precedent. Since Japan emerged into the modern world it had been the law of power politics that strong nations desiring access to the advantages of a rich, weak and undeveloped land would seize it if they could in order to enjoy a monopoly; therefore access to the benefits of such a land could be assured only by exclusive possession. Japan believed this law completely. Japan further assumed that since China was not strong enough to hold Manchuria, some other power (Soviet Russia) would take it unless Japan did. The second reason rested on the rising Chinese nationalism in Manchuria. In the eye of Japan, in the long run of the development of Chinese nationalism, the Japanese would have a day to pack up; and to nip it in the bud the military occupation was needed.

It was inevitable, therefore, that friction should develop between the imperialistic Japanese and the nationalistic Chinese. The interconnection of respective rights, the uncertainty at times of the legal situation, and the increasing opposition between the conception held by the Japanese of their "special position" in Manchuria and the claim of exercising sovereign rights by the Chinese were a source of numerous disturbing incidents and disputes. Japan consistently sought to advance her interests in Manchuria by taking advantage of rights open to question. The Chinese authorities, on the other hand, repeatedly prevented the Japanese from exercising such

rights. Undoubtedly the Chinese refused to admit the validity of the agreements of 1915.

Between China and Japan ill feeling was of longer standing and incidents had been even more numerous. China steadily became more exigent and the military clique in Japan more outspoken in demanding a "strong policy," by which it meant military punitive measures. In this unfavorable atmosphere, a succession of incidents or clashes had occurred on the eve of the final crisis—the Mukden Incident of September 18, 1931. Meanwhile, various efforts were being made to settle the questions outstanding between China and Japan by the normal methods of diplomatic negotiations, and these methods had not been exhausted. Nevertheless, the tension between Chinese and Japanese in Manchuria continued to grow, and finally Japan abandoned the diplomatic channels and turned to resort to force in the night of September 18, 1931.

4. The Collapse of Collective Security

The Manchurian crisis was a great disheartening test of collective-security principle. Although the League of Nations performed a most brilliant task through the investigation of Lytton Commission, neither Great Britain nor France, the powers which dominated the League, was prepared to apply any sanction, economic or military, against Japan without the active support of the United States. There was no indication that the United States was prepared to offer support on any sanction; in fact, she was opposed to the application of even economic sanctions which meant "a step to war."[3] The policy of the United States was hostile to sanctions of any kind involving the United States, other than the sanctions of adverse public opinion and official non-recognition of conquest

[3] See U. S. Secretary of State Stimson's instruction to Charles G. Dawes, American representative in Paris.—U. S. Dept. of State, "The Far East," *Foreign Relations of the United States*, 1931, III, pp. 494-496.

or settlement achieved by other than peaceful means. Nevertheless, the hope of the United States of strengthening the Japanese moderates by adopting a mild policy was soon shown by the sequence of events to be fundamentally unsound as a solution of the crisis. Instead, its principal effect was to encourage the Japanese militarists. Japan's course in Manchuria was, in the eye of the United States, a flagrant violation of treaties and a threat to the whole structure of peace, but the United States did not at this time regard war against Japan as the proper solution. At all events, neither the League nor the United States nor the two together stopped Japan, and, as on previous occasion in 1915, the integrity of China was not preserved by reassertion of the non-recognition doctrine.

Doubtless, a punitive war, conducted jointly by all of the great powers of the West, might eventually have crushed Japan, compelled her to observe her treaty obligations, and forced her to withdraw from Manchuria. But such a conflict would have been a costly struggle and would have entailed sacrifices far greater than the people of the West were willing to make at that time. Meanwhile, in 1931-32 the whole world was in the depths of an economic depression of the first magnitude, and none of the great powers wished to embark upon a policy which would aggravate the economic distress within their own countries. Furthermore, even had the great powers within the League been willing to impose sanctions upon Japan, they would probably have been deterred from effective action by the knowledge that the United States was not a member of the League and would not participate in such sanctions. Finally, it is probably true that in the years 1931-33 no Western people sufficiently resented Japan's conquest of Manchuria to be willing to wage war to prevent it. On the other hand, Japan had chosen her time well. She was convinced that though the world might use fair and even vigorous words, it would oppose her with neither economic nor military

sanctions. In this her judgement proved to be the only too sound. Collective security as an effective weapon, judged in the light of the Manchurian affair of 1931, was still a distant ideal.

In the light of subsequent events it seems clear that the failure to enforce collective security in behalf of China was a fateful blunder and probably started the train of events leading to the Second World War. It is obvious now that the appeasement of Japan at the expense of China in 1931-32 did not deter the former from further plans and acts of aggression. On the other hand, it seems likely that, if the greater powers, including the United States, had resorted to an economic and financial boycott, supported if necessary by the might of their combined navies, Japan would have suffered an economic collapse, her military leaders would have been discredited, and her forces would have been withdrawn from Manchuria. Had these developments occurred, a great triumph for collective security would have been scored, and other potential aggressors would have been given reason to pause. But the inaction of the great powers in the face of Japan's aggression weakened the world's faith in collective security, encouraged other would-be aggressors to embark upon their plans, and brought upon the world a further series of international crises. In the light of what had happened in the world since 1931 it is now generally realized that the so-called Mukden Incident in the night of September 18, 1931 set in motion a train of world developments which resulted in the discarding of understanding and cooperation among nations for the common good in favor of a policy of force designed not for protective purposes but for openly acknowledged aggression upon weaker and less fortunate nations. Thus, we may say, the Manchurian crisis had practically tolled the knell of the League of Nations and the collective security system.

5. The Destiny of Manchuria

Three wars, which Japan had fought, built up the

Japanese Empire and made Japan rise as one of the world powers. They were the Sino-Japanese War of 1894-1895, the Russo-Japanese War of 1904-1905, and World War I of 1914-1918. The Sino-Japanese War of 1895 had written off Korea to Japan; the Russo-Japanese War of 1905 had brought Japanese penetration into Manchuria; and World War I of 1918 had made Japan hegemonic in the Far East. Likewise, as built by war, the Japanese Empire was eventually destroyed by war—the Pacific War of 1941-1945.

With the surrender of Japan in the war, "Manchukuo," the Japanese bastard, immediately vanished into the void, as did also the "vested rights" or the so-called special rights and interests seized by Japan before the birth of "Manchukuo."

On December 1, 1943, in the midst of the Pacific War, the heads of state of the three major allied nations at war with Japan, namely the United States, United Kingdom and China, at the close of the Cairo Conference, declared, in part,

> that Japan shall be stripped of all the islands in the Pacific which she has seized or occupied since the beginning of the first World War in 1914, and that all the territories Japan has stolen from the Chinese, such as Manchuria, Formosa, and the Pescadores, shall be restored to the Republic of China.

The Cairo Declaration was reaffirmed by the same three powers in the Potsdam declaration of peace terms to Japan, made on July 26, 1945, and subscribed to by Soviet Russia when the latter joined the war against Japan on August 8, six days before the Japanese surrender.

However, as a result of the secret deal made at Yalta on February 11, 1945, by President Roosevelt and Prime Minister Churchill with Premier Stalin, Soviet Russia was given important concessions in Manchuria, which completely restored to Soviet Russia the former Tzarist Russia's position of 1904 in Manchuria, at China's ex-

pense, as one of the conditions for Soviet Russia's entry into the war against Japan. Legally speaking, because of the fact that China did not take part in the Yalta Conference, the decisions concerning China made in the said Conference would not have any binding force upon China. But, as a matter of fact, China was forced to accept and legalize them later in the so-called Sino-Russian Treaty of Friendship and Alliance concluded on August 14, 1945, the day of the Japanese acceptance of American terms on surrender. As to the concessions granted to Soviet Russia in Manchuria as provided in the Sino-Russian Treaty of 1945, they were: (1) the Chinese Changchun Railway (a combination of the Chinese Eastern Railway and South Manchuria Railway) to be jointly operated by Soviet Russia and China; (2) Dairen to be opened as a free port, and all Russian through imports and exports shipped over the Chinese Changchun Railway to be free of customs duties; and (3) Port Arthur to become a naval base for Sino-Russian mutual use.

Then, Soviet Russia declared war against Japan on August 8, 1945, two days after the first American atom bomb had been dropped on Hiroshima. After six-day campaign beginning from August 9, Russian forces in Manchuria proceeded systematically to strip the industries there of their equipments, often destroying what was left behind. Furthermore, in violation of the terms of the Sino-Russian Treaty of August 14, 1945, Soviet Russia refused to withdraw her troops from Manchuria and continued to occupy it just as Tzarist Russia had done in Manchuria immediately after the Boxer Uprising of 1900 eventually producing the Russo-Japanese War of 1904-5. At the same time, through the Chinese Communist fifth column, Soviet Russia prevented the resumption of full sovereignty over Manchuria by the Chinese Government. The main purpose of Soviet Russia's reluctant withdrawal of her troops was to gain time to help the Chinese Communists seize the whole

Manchuria. The fact has been proved that Soviet Russia finally withdrew her troops from Manchuria at the very time when the Chinese Communists had actually taken control of it, paving the way for the later occupation of the whole mainland of China in 1949, consequently forcing the Government of the Republic of China to move to Formosa.

Now, we may say that it is the Yalta Agreement which has betrayed China, and invited the Soviet Russian penetration into Manchuria, resulting in the loss of the mainland of China into the Communists' hands and the creation of the tense situation in the Far East.

Historically, as mentioned above, Russia and Japan played the roles of two alternative enemies to China, with Manchuria as the victim, thereby endangering the peace of the Far East. Now, it is "enter Russia, exit Japan," as the Chinese proverb reads: "Driving a tiger out at the front door while a wolf is coming in at the back."

It is generally believed that a divided and weak China will produce the aggression of either Russia or Japan, and a united and strong China will guard the peace of Asia. The late President of the United States, Franklin Delano Roosevelt once said that a united and strong China under a free regime will establish itself as the bastion of peace of Asia. History has shown that even a united and strong China could not result into an imperialistic China, unless, of course, the Chinese people be ultimately and radically changed by the Communist ideology.

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APPENDICES

APPENDIX A

SINO-RUSSIAN CONTRACT OF SEPTEMBER 8, 1896

*Contract for the Construction and Operation of the Chinese Eastern Railway, September 8, 1896**

Between the undersigned, His Excellency Shu King-chen, Minister Plenipotentiary of His Majesty the Emperor of China, at St. Petersburg, acting by virtue of an Imperial Edict, dated Kuang Hsu, 22nd year, 7th month, 20th day (August 16/28, 1896), of the one part, and the Russo-Chinese Bank, of the other part, it has been agreed as follows:

The Chinese Government will pay the sum of five million Kuping taels (Kuping Tls. 5,000,000) to the Russo-Chinese Bank, and will participate in proportion to this payment in the profits and losses of the bank, on conditions set forth in a special contract.

The Chinese Government having decided upon the construction of a railway line, establishing direct communication between the city of Chita and the Russian South Ussuri Railway, entrusts the construction and operation of this railway to the Russo-Chinese Bank upon the following conditions:

1.—The Russo-Chinese Bank will establish for the construction and operation of this railway a company under the name of the Chinese Eastern Railway Company.

The seal which this Company will employ will be given to it by the Chinese Government. The statutes of this Company will be in conformity with the Russian usages in regard to railways. The shares of the Company can be acquired only by Chinese or Russian subjects. The president of this Company will be named by the Chinese Government, but paid by the Company. He may have his residence in Peking.

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*J. V. A. MacMurray (ed.), *Treaties and Agreements with and concerning China, 1894-1919* (2 vols.; New York: Oxford University Press, 1921), p. 74. A Translation from the French text as printed in *Treaties, Conventions, etc., between China and Foreign States* (hereafter cited as *The Customs*) published by order of the Inspector General of Customs (2 vols., sec. ed., Shanghai, 1917), Vol. I, p. 208.

It will be the duty of the president to see particularly to the scrupulous fulfillment of the obligations of the Bank and of the Railway Company towards the Chinese Government; he will furthermore be responsible for the relations of the Bank and of the Railway Company with the Chinese Government and the central and local authorities.

The president of the Chinese Eastern Railway Company will likewise be responsible for examining all accounts of the Chinese Government with the Russo-Chinese Bank.

To facilitate local negotiations, the Russo-Chinese Bank will maintain an agent at Peking.

2.—The route of the line will be determined by the deputies of the president (named by the Chinese Government) of the Company, in mutual agreement with the engineers of the Company and the local authorities. In laying out this line, cemeteries and tombs, as also towns and villages, should so far as possible be avoided and passed by.

3.—The Company must commence the work within a period of twelve months from the day on which this contract shall be sanctioned by imperial decree, and must so carry it on that the whole line will be finished within a period of six years from the day on which the route of the line is definitely established and the lands necessary therefor are placed at the disposal of the Company. The gauge of the line should be the same as that of the Russian railways (5 Russian feet—about four feet, two and one-half-inches, Chinese).

4.—The Chinese Government will give orders to the local authorities to assist the Company to the extent of their ability in obtaining, at current prices, the materials necessary for the construction of the railway, as also laborers, means of transport by water and by land, the provisions necessary for the feeding of men and animals, etc.

The Chinese Government should, as needed, take measures to facilitate such transportation.

5.—The Chinese Government will take measures to assure the safety of the railway and of the persons in its service against any attack.

The Company will have the right to employ at will, as many foreigners or natives as it may find necessary for the purpose of administration, etc.

Criminal cases, lawsuits, etc., upon the territory of the railway, must be settled by the local authorities in accordance with the stipulations of the treaties.

6.—The lands actually necessary for the construction, operation, and protection of the line, as also the lands in the vicinity of the line necessary for procuring sand, stone, lime, etc., will be turned over to the Company freely, if these lands are the property of the State; if they

belong to individuals, they will be turned over to the Company either upon a single payment or upon an annual rental to the proprietors, at current prices. The lands belonging to the Company will be exempt from all land taxes (impôt foncier).

The Company will have the absolute and exclusive right of administration of its lands. (La Société aura le droit absolu et exclusif de l'administration de ses terrains.)

The Company will have the right to construct on these lands buildings of all sorts, and likewise to construct and operate the telegraph necessary for the needs of the line.

The income of the Company, all its receipts and the charges for the transportation of passengers and merchandise, telegraphs, etc., will likewise be exempt from any tax or duty. Exception is made, however, as to mines, for which there will be a special arrangement.

7.—All goods and materials for the construction, operation, and repair of the line, will be exempt from any tax or customs duty and from any internal tax or duty.

8.—The Company is responsible that the Russian troops and war material, despatched in transit over the line, will be carried through directly from one Russian station to another, without for any pretext stopping on the way longer than is strictly necessary.

9.—Passengers who are not Chinese subjects, if they wish to leave the territory of the railway, should be supplied with Chinese passports. The Company is responsible that passengers, who are are not Chinese subjects, should not leave the territory of the railway if they do not have Chinese passports.

10.—Passengers' baggage, as well as merchandise despatched in transit from one Russian station to another, will not be subject to customs duties; they will likewise be exempt from any internal tax or duty. The Company is bound to despatch such merchandise, except passengers' baggage, in special cars, which, on arrival at the Chinese frontier, will be sealed by the office of the Chinese Customs, and cannot leave Chinese territory until after the office of the Customs shall have satisfied itself that the seals are intact; should it be established that these cars have been opened on the way without authorization, the merchandise would be confiscated.

Merchandise imported from Russia into China by the railway, and likewise merchandise exported from China into Russia by the same route, will respectively pay the import and export duty of the Chinese Maritime Customs, less one-third.

If merchandise is transported into the interior it will pay in addi tion the transit duty—equivalent to a half of the import duty collected

—which frees it from any further charge.

Merchandise not paying the transit tax will be subject to all the barrier and *likin* duties imposed in the interior.

The Chinese Government must install customs offices at the two frontier points on the line.

11.—The charges for the transportation of passengers and of merchandise, as well as for the loading and unloading of merchandise, are to be fixed by the Company, but it is obliged to transport free of charge the Chinese official letter post, and, at half price, Chinese land or sea forces and also Chinese war materials.

12.—The Chinese Government transfers to the Company the complete and exclusive right to operate the line on its own account and risk, so that the Chinese Government will in no case be responsible for any deficit whatsoever of the Company, during the time alloted for the work and thereafter for a further eighty years from the day on which the line is finished and traffic is in operation. This period having elapsed, the line, with all its appurtenances, will pass free of charge to the Chinese Government.

At the expiration of thirty-six years from the day on which the entire line is finished and traffic is in operation, the Chinese Government will have the right to buy back this line upon repaying in full all the capital involved, as well as all the debts contracted for this line, plus accrued interest.

If—in case the profit realized exceeds the dividends allowed to the shareholders—a part of such capital is repaid, that part will be deducted from the price of repurchase. In no case may the Chinese Government enter into possession of this line before the appropriate sum is deposited in the Russian State Bank.

The day when the line is finished and traffic is in operation, the Company will make to the Chinese Government a payment of five million Kuping taels (Kuping Tls. 5,000,000).

Kuang Hsu, 22nd year,
8th month, 2nd day
(*Signed*) SHU

Berlin, August 27/September 8, 1896
RUSSO-CHINESE BANK
(*Signed*) ROTHSTEIN
(*Signed*) Prince OUKHTOMSKY

APPENDIX B

SINO-RUSSIAN CONVENTION OF MARCH 27, 1898 AND THE ADDITIONAL AGREEMENT OF MAY 7, 1898

(1)

*Convention for the lease of the Liaotung Peninsula, March 27, 1898**

His Majesty the Emperor and Autocrat of all the Russias[?], and His Majesty the Emperor of China, being desirous of still further strengthening the friendly relations existing between the two Empires and mutually wishing to insure the means whereby to show reciprocal support, have appointed as their Plenipotentiaries, for the purpose of arriving at an agreement on this matter:

His Majesty the Emperor of Russia—M. Alexander Pavlow, Gentleman of the Court, and His Majesty's Chargé d'Affaires accredited to the Government of H. M. the Emperor of China;

His Majesty the Emperor of China—Count Li, Chancellor, Member of the Ministry of Foreign Affairs, and Senior Preceptor of the Heir to the Throne, and Chang, Assistant Minister of Finance, and Member of the Ministry of Foreign Affairs, with Ministerial rank.

The above-named Plenipotentiaries, furnished with due powers, have decided upon the following stipulations:

Art. I.—For the purpose of ensuring that the Russian naval forces shall possess an entirely secure base on the littoral of northern China, H. M. the Emperor of China agrees to place at the disposal of the Russian Government, on lease, the Ports Arthur (Liou-choun-kow) and Ta-lien-wan, together with the water areas contiguous to these ports. This act of lease, however, in no way violates the sovereign rights of H. M. the Emperor of China to the above-mentioned territory.

Art. II.—The frontier of the territory leased on the above-specified

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*J. V. A. MacMurray (ed.), *Treaties and Agreements with and concerning China, 1894-1919* (2 vols.; New York: Oxford University Press. 1921), p. 119. A translation from the Russian text as printed in *The Customs*, Vol. II, p. 219. Interpretation in the Marks [ ] is given by the author.

basis, will extend northwards from the Bay of Ta-lien-wan for such distance as is necessary to secure the proper defense of this area on the land side. The precise line of demarcation and other details respecting the stipulations of the present Convention will be determined by a separate Protocol which shall be concluded at St. Petersburg with the dignitary Siou-tzin-ch'eng immediately after the signature of the present Convention. Upon the determination of this line of demarcation, the Russian Government will enter into complete and exclusive enjoyment of the whole area of the leased territory together with the water areas contiguous to it.

Art. III.—The term of the lease shall be twenty-five years from the date of the signature of the present agreement and may be prolonged subsequently by mutual consent of both Governments.

Art. IV.—During the above-specified period, on the territory leased by the Russian Government and its adjacent water area, the entire military command of the land and naval forces and equally the supreme civil administration will be entirely given over to the Russian authorities and will be concentrated in the hands of one person who however shall not have the title of Governor or Governor-General. No Chinese military land forces whatsoever will be allowed on the territory specified. Chinese inhabitants retains the right, as they may desire, either to remove beyond the limits of the territory leased by Russia or to remain within such limits without restriction on the part of the Russian authorities. In the event of a Chinese subject committing any crime within the limits of the leased territory, the offender will be handed over to the nearest Chinese authorities for trial and punishment in accordance with Chinese laws, as laid down in Article VIII of the Treaty of Peking of 1860.

Art. V.—A neutral zone shall be established north of the above-specified frontier of the leased territory. The frontiers of this zone will be fixed by the dignitary Siou-tzin-ch'eng and the Ministry of Foreign Affairs in St. Petersburg. Within this specified neutral zone the civil administration will be entirely in the hands of the Chinese authorities; Chinese troops will be admitted within this zone only with the consent of the Russian authorities.

Art. VI.—Both the Governments agree that Port Arthur, as an exclusively military (naval) port, shall be used solely by Russian and Chinese vessels and shall be considered as a closed port to war-ships and merchant vessels of other States. As regards Ta-lien-wan, this port, with the exception of one of the inner bays which, like Port Arthur, shall be set apart exclusively for the use of the Russian and Chinese fleets, shall be considered open to foreign commerce and free entry to

it will be granted to the merchant vessels of all nations.

Art. VII.—The Russian Government takes upon itself at its own expense and with its own resources to erect all buildings necessary for its fleet and land forces on the area leased to it and especially in the ports Arthur and Ta-lien-wan, to erect fortifications, maintain garrisons in them and generally to take all necessary steps for the proper defense of the specified locality from hostile attack. Similarly the Russian Government binds itself at its own expense to erect and maintain light-houses and other precautionary signs requisite for the security of navigation.

Art. VIII.—The Chinese Government agrees that the concessions granted by it in 1896 to the Chinese Eastern Railway Company, from the date of the signature of the present agreement shall be extended to the connecting branch which is to be built from one of the stations of the main line to Ta-lien-wan, and also, if deemed necessary, from the same main line to another more convenient point on the littoral of the Liaotung Peninsula between the town of In-tzu and the estuary of the River Yalu. All the stipulations of the contract concluded by the Chinese Government with the Russo-Chinese Bank on August 27 (September 8), 1896, shall apply scrupulously to these supplementary branches. The direction and points through which the above-mentioned lines shall pass will be determined upon by the dignitary Siou-tzin-ch'eng and the administration of the Chinese Eastern Railway. Consent to the construction of the railway on the basis indicated shall never under any form serve as a pretext for the seizure of Chinese territory or for an encroachment on the sovereign rights of China.

Art. IX.—The present Convention shall come into force from the date of exchange of copies thereof by the Plenipotentiaries of the two States.

The exchange of ratifications will take place in St. Petersburg with the least possible delay.

In virtue of which the respective Plenipotentiaries of the two parties have signed and affixed their seals to two copies of the present Convention in the Russian and Chinese languages. Of the two texts which, upon comparison, have been found to be in agreement, the Russian text shall be that used for the interpretation of the Convention.

Done in duplicate at Peking, this 15th day of March (March 27), 1898, and by the Chinese calendar the 6th day of the 3rd moon of the 24th year of the reign of Kuang-Hsu.

(*Seal*) (*Signed*) A. PAVLOW

(*Seal*) (*Signed*) LI-CHANG

(Seal of the Tsung-li-yamen)

(2)

*Additional agreement defining the boundaries of the leased and neutralized territory in the Liaotung Peninsula, May 7, 1898**

The Governments of Russia and China being desirous of adding some stipulations to the Treaty concluded at Peking on the 15/27th March, 1898, the Plenipotentiaries of both Governments have agreed upon the following:

Article I.—In accordance with Article II of the original Treaty the northern territory leased and yielded to Russia—Port Arthur, Talienwan, and the Liaotung Peninsula—shall commence from the north side of Ya Tang Bay on the west coast of Liaotung and shall pass through the ridge of Ya-tang Mountain (the mountain ridge being included in the leased ground) to the east coast of Liaotung near the north side of the P'i-tzu-two <Pitsuwo> Bay. Russia shall be allowed the use of all the waters adjacent to the leased territory and all the islands around it.

Both countries shall appoint special officers to survey the ground and determine the limits of the leased territory.

Article II.—To the north of the boundary fixed in Art. I, there shall, in accordance with Art. V of the Peking Treaty, be a neutral ground, the northern boundary of which shall commence on the west coast of Liaotung at the mouth of the Kai-chou River, shall pass north of Yuyen-cheng <Siuyen> to the Ta-yang River, and shall follow the left bank of the river to its mouth, this river also to be included in the neutral territory.

Article III.—The Russian Government consents that the terminus of the branch line connecting the Siberian Railway with the Liaotung Peninsula shall be at Port Arthur and Talienwan, and at no other port in the said peninsula.

It is further agreed in common that railway privileges in districts traversed by this branch line shall not be given to the subjects of other Powers. As regards the railway which China shall [may] herself build hereafter from Shan-hai-kuan in extension to a point as near as [*lit.*, nearest to] possible to this branch line, Russia agrees that she has nothing to do with it.

Article IV.—The Russian Government assents to the request of the Chinese Government that the Administration and police of the City of Kinchow shall be Chinese. Chinese troops will be withdrawn from Kin-

*MacMurray, *op. cit.*, p. 127. A translation from the Chinese text as printed in *The Customs*, Vol. II, p. 227. The interpretation in the marks [ ] is made by MacMurray, while that in the marks < > is given by the author.

chow and replaced by Russian troops. The inhabitants of the city have the power to use the roads from Kinchow to the north boundary of the leased territory, and the waters usually required near the city, the use of which has been granted to Russia; but they have no power to use the sea-coast (round about).

Article V.—The Chinese Government agrees [*lit.*, agrees to recognize]:

1. That without Russia's consent no concession will be made in the neutral ground for the use of subjects of other Powers.

2. That the ports on the sea-coast east and west of the neutral ground shall not be opened to the trade of other Powers.

3. And that without Russia's consent no road and mining concessions, industrial and mercantile privileges shall be granted in the neutral territory.

Article VI.—The Articles agreed to above will be drawn up, one copy in Chinese and one in Russian, and signed by the plenipotentiaries of the two countries.

For purposes of interpretation, the Russian will be the authoritative text.

Kuang-hsu, 24th year, 3rd intercalary month, 17th day: Russian Calendar, April 25, 1898 (May 7th, 1898).

APPENDIX C

SINO-RUSSIAN AGREEMENT OF JULY 6, 1898

*Agreement concerning the southern branch of the Chinese Eastern Railway, July 6, 1898**

Hsu (Ching-ch'eng), Ambassador (?) of the Imperial Chinese Government, and Yang(-ju), Minister of the Imperial Chinese Government to Russia, have received an Imperial Decree of the 7th of the Fifth Moon, XXIV Year of Kuang-Hsu, that is the 13th of June, 1898, Russian Calendar (June 25th, 1898, New Style), authorizing them to draw up a contract with the Chinese Eastern Railway Company in accordance with the provisions of the Treaty between China and Russia, entered into at Peking on the 6th of the Third Moon, XXIV Year of Kuanghsu, i. e. March 15, 1898, Russian Calendar (March 27th, 1898, N. S.) and those of the Special Supplementary Articles to the same, agreed upon at St. Petersburg on the 17th of the Intercalary Third Moon—April 25, 1898—(May 7th, 1898, N. S.) to the effect that, from the date of the signing of said Treaty by the Chinese Government, in accordance with the permission given in the XXII Year of Kuanghsu (1896) to the Chinese Eastern Railway Company to construct certain railways, a branch line might be built and operated, which should begin at a station, to be selected on the main line of the Chinese Eastern Railway, and extend to the sea-ports, Dalny and Port Arthur in the Liao-tung Peninsula; the said branch line to be dealt with in careful compliance with the terms of the Contract of the 2nd of the Eighth Moon, XXII Year of Kuanghsu, August 27, 1896, Russian Calendar (Sept. 8, 1896, N. S.) between the Chinese Government and the Russo-Chinese Bank.

In accordance with the foregoing provisions, the following Articles relating to the construction and operation of a railway through Manchuria are now agreed upon, to wit:

Article I.—This branch of the Chinese Eastern Railway, extending

*J. V. A. MacMurray (ed.), *Treaties and Agreements with and concerning China, 1894-1919* (2 vols.; New York: Oxford University Press, 1921), p. 154. A translation from the Chinese text as printed in *The Customs*, Vol. II, p. 233. Interpretation in the marks [ ] is given by the author.

to the sea-ports of Port Arthur and Dalny, shall be known as the Southern Manchurian Branch of the Chinese Eastern Railway.

Article II.—In accordance with Article IV of the Contract of the 2nd, of the Eighth Moon, XXII Year of Kuanghsu, August 27, 1896 (Sept. 8th, 1896, N. S.), which provides that the Chinese Government shall take steps as occasion may require to facilitate the bringing in of the materials needed for the construction of the line, whether transported by water or by land, it is now agreed that the Company may employ steamers or other vessels, and such vessels flying the Company's flag shall be permitted to proceed up the Liao River or any of its branches, and to enter Yin-k'ou (the port of Newchwang) or any port in the Neutral Territory which may prove advantageous to the work of constructing this line, and may there discharge cargo.

Article III.—In order to facilitate the bringing in by the Chinese Eastern Railway Company of the materials and provisions needed in the construction of the Southern Manchurian Branch, it is permitted the Company to build temporary branch lines from this road to Yin-k'ou and to seaport in the Neutral Zone, but when the work of building the line is completed and the road is open for traffic the Company must at the notice of the Chinese Government remove these branch railways; that is to say, within eight years from the date of the survey and determination of the line and the appropriation of the land for its construction these temporary branch lines must be removed.

Article IV.—In accordance with the permission granted to the Company in the XXIII Year of Kuanghsu (1897) to cut timber and mine coal for the use of the railway, it is now agreed to allow the Company to fell timber at its pleasure in the forests on government lands, each tree to be paid for at a price to be fixed by the Engineer-in-Chief or his Deputy in consultation with the local authorities, but not higher than local market rate. But no forests on property in the province of Shengking [Fengtien or Liaoning] belonging to the Imperial Family, or on sites that affect the *feng-shui* being under the direct control of the Peking Government may be injured or disturbed.

The Company shall also be allowed in the regions traversed by this branch line to mine such coal as may be needed for the construction or operation of the railway, the price of which coal shall be fixed by the Engineer-in-Chief or his Deputy in consultation with the local authorities but shall not exceed the royalty paid by other parties in the same locality.

Article V.—Within the leased territory on the Liaotung Peninsula Russia may fix the Customs Tariff to suit herself, and China may levy and collect duties at the boundaries on all goods going from the leased

territory to the interior or from the interior to the leased territory. In dealing with this matter China may arrange with Russia for the latter Government to establish the Customs at Dalny and from the date of the opening of the said port to international trade to appoint the Chinese Eastern Railway Company to act as the Agent of the Chinese Imperial Board of Revenue to open and manage the Customs and in its behalf to levy and collect duties. The said Customs shall be under the sole control of the Peking Government, to which the said Agent shall from time to time report its management. In addition there shall be appointed a Chinese civil official to be stationed as Deputy at the said Customs. All baggage of passengers and all goods brought from railway stations within the Russian boundaries by the said line into the territory leased to Russia in the Liao-tung Peninsula, or shipped from the said leased territory into the Russian Empire shall be entirely free of all Customs duties as well as of all Inland Transit and *Likin* dues. Goods shipped by rail from the interior of China to the leased territory or from the leased territory to the interior must pay export or import duties respectively according to the Imperial Maritime Customs Tariff without increase or reduction.

Article VI.—The Company may at its pleasure assume the responsibility of establishing a line of sea-going vessels flying the Company's flag, to be operated under the Regulations for Foreign Mercantile Shipping. Should these vessels or the management of the business in connection therewith occasion any financial loss, the Chinese Government shall not be held responsible. Passenger fares and freight rates shall be established by the Company to suit itself, and shall in no wise concern the railway. The period of the management of the said enterprise being of course unlimited, the provisions of Article XII of the Contract between the Chinese Government and the Russo-Chinese Bank of the XXII year of Kuanghsu (1896) fixing a price for the purchase of the railway, and a date for its reversion to China without payment, shall not apply to this undertaking.

Article VII.—As to the location of the Southern Manchurian Railway Line, and the determination of the places through which it shall pass, it will be necessary to wait until the Engineer-in-Chief shall have surveyed the route through Manchuria and made report of the conditions to the Head Office of the Company, when the Company or its Agent in Peking shall consult with the Director General of the Railway and decide the matter.

APPENDIX D

RUSSO-JAPANESE PORTSMOUTH TREATY OF SEPTEMBER 5, 1905 AND ADDITIONAL ARTICLES

(1)

*Treaty of Peace, September 5, 1905**

His Majesty the Emperor of Japan on the one part, and His Majesty the Emperor of all the Russias[?] on the other part, animated by the desire to restore the blessings of peace to Their countries and peoples, have resolved to conclude a Treaty of Peace, and have, for this purpose, named Their Plenipotentiaries, that is to say:

His Majesty the Emperor of Japan:

His Excellency Baron Komura Jutaro, Jusammi, Grand Cordon of the Imperial Order of the Rising Sun, His Minister of Foreign Affairs, and

His Excellency M. Takahira Kogoro, Jusammi, Grand Cordon of the Imperial Order of the Sacred Treasure, His Envoy Extraordinary and Minister Plenipotentiary to the United States of America;

and His Majesty the Emperor of all the Russias[?]:

His Excellency M. Serge Witte, His Secretary of State and President of the Committee of Ministers of the Empire of Russia, and

His Excellency Baron Roman Rosen, Master of the Imperial Court of Russia and His Ambassador Extraordinary and Plenipotentiary to the United States of America;

Who, after having exchanged their full powers which were found to be in good and due form, have concluded the following Articles:

Article I.—There shall henceforth be peace and amity between Their Majesties the Emperor of Japan and the Emperor of all the Russias[?] and between Their respective States and subjects.

Article II.—The Imperial Russian Government, acknowledging that Japan possesses in Corea paramount political, military and economical

*J. V. A. MacMurray (ed.), *Treaties and Agreements with and concerning China, 1894-1919*, (2 vols.; New York: Oxford University Press, 1921) p. 522. Original English text. Interpretation in marks [ ] is given by the author.

interests, engage neither to obstruct nor interfere with the measures of guidance, protection and control which the Imperial Government of Japan may find it necessary to take in Corea.

It is understood that Russian subjects in Corea shall be treated exactly in the same manner as the subjects or citizens of other foreign Powers, that is to say, they shall be placed on the same footing as the subjects or citizens of the most favoured nation.

It is also agreed that, in order to avoid all causes of misunderstanding, the two High Contracting Parties will abstain, on the Russo-Corean frontier, from taking any military measures which may menace the security of Russian or Corean territory.

Article III.—Japan and Russia mutually engage:

1. To evacuate completely and simultaneously Manchuria except the territory affected by the lease of the Liao-tung Peninsula, in conformity with the provisions of additional Article I annexed to this Treaty; and

2. To restore entirely and completely to the exclusive administration of China all portions of Manchuria now in the occupation or under the control of the Japanese or Russian troops, with the exception of the territory above mentioned.

The Imperial Government of Russia declare that they have not in Manchuria any territorial advantages or preferential or exclusive concessions in impairment of Chinese sovereignty or inconsistent with the principle of equal opportunity.

Article IV.—Japan and Russia reciprocally engage not to obstruct any general measures common to all countries, which China may take for the development of the commerce and industry of Manchuria.

Article V.—The Imperial Russian Government transfer and assign to the Imperial Government of Japan, with the consent of the Government of China, the lease of Port Arthur, Talien [Dairen] and adjacent territory and territorial waters and all rights, privileges and concessions connected with or forming part of such lease and they also transfer and assign to the Imperial Government of Japan all public works and properties in the territory affected by the above mentioned lease.

The two High Contracting Parties mutually engage to obtain the consent of the Chinese Government mentioned in the foregoing stipulation.

The Imperial Government of Japan on their part undertake that the proprietary rights of Russian subjects in the territory above referred to shall be perfectly respected.

Article VI.—The Imperial Russian Government engage to transfer and assigned to the Imperial Government of Japan, without compensation and with the consent of the Chinese Government, the railway between Chang-chun (Kuan-cheng-tzu) and Port Arthur and all its branches, together with all rights, privileges and properties appertaining there-

to in that region, as well as all coal mines in the said region belonging to or worked for the benefit of the railway.

The two High Contracting Parties mutually engage to obtain the consent of the Government of China mentioned in the foregoing stipulation.

Article VII.—Japan and Russia engage to exploit their respective railways in Manchuria exclusively for commercial and industrial purposes and in no wise for strategic purposes.

It is understood that that restriction does not apply to the railway in the territory affected by the lease of the Liao-tung Peninsula.

Article VIII.—The Imperial Governments of Japan and Russia, with a view to promote and facilitate intercourse and traffic, will, as soon as possible, conclude a separate convention for the regulation of their connecting railways services in Manchuria.

Article IX.—The Imperial Russian Government cede to the Imperial Government of Japan in perpetuity and full sovereignty, the southern portion of the Island of Saghalien and all islands adjacent thereto, and all public works and properties thereon. The fiftieth degree of north latitude is adopted as the northern boundary of the ceded territory. The next alignment of such territory shall be determined in accordance with the provisions of additional Article II annexed to this Treaty.

Japan and Russia mutually agree not to construct in their respective possession on the Island of Saghalien or the adjacent islands, any fortifications or other similar military works. They also respectively engage not to take any military measures which may impede the free navigation of the Straits of La Perouse and Tartary.

Article X.—It is reserved to the Russian subjects, inhabitants of the territory ceded to Japan, to sell their real property and retire to their country; but, if they prefer to remain in the ceded territory, they will be maintained and protected in the full exercise of their industries and rights of property, on condition of submitting to Japanese laws and jurisdiction. Japan shall have full liberty to withdraw the rights of residence in, or to deport from, such territory, any inhabitants who labour under political or administrative disability. She engages, however, that the proprietary rights of such inhabitants shall be fully respected.

Article XI.—Russia engages to arrange with Japan for granting to Japanese subjects rights of fishery along the coast of the Russian possession in Japan, Okhotsk and Behring Seas.

It is agreed that the foregoing engagement shall not affect rights already belonging to Russian or foreign subjects in those regions.

Article XII.—The Treaty of Commerce and Navigation between Japan and Russia having been annulled by the war, the Imperial Governments of Japan and Russia engage to adopt as the basis of their com-

mercial relations, pending the conclusion of a new treaty of commerce and navigation on the basis of the Treaty which was in force previous to the present war, the system of reciprocal treatment on the footing of the most favoured nation, in which are included import and export duties, customs formalities, transit and tonnage dues, and the admission and treatment of the agents, subjects and vessels of one country in the territories of the other.

Article XIII.—As soon as possible after the present Treaty comes into force, all prisoners of war shall be reciprocally restored. The Imperial Governments of Japan and Russia shall each appoint a special Commissioner to take charge of prisoners. All prisoners in the hands of one Government shall be delivered to and received by the Commissioner of the other Government or by his duly authorized representative, in such convenient numbers and at such convenient ports of the delivering State as such delivering State shall notify in advance to the Commissioner of the receiving State.

The Governments of Japan and Russia shall present to each other, as soon as possible after the delivery of prisoners has been completed, a statement of the direct expenditures respectively incurred by them for the care and maintenance of prisoners from the date of capture or surrender up to the time of death or delivery. Russia engages to repay to Japan, as soon as possible after the exchange of the statements as above provided, the difference between the actual amount so expended by Japan and the actual amount similarly disbursed by Russia.

Article XIV.—The present Treaty shall be ratified by Their Majesties, the Emperor of Japan and the Emperor of all the Russias[?]. Such ratification shall, with as little delay as possible and in any case not later than fifty days from the date of the signature of the Treaty, be announced to the Imperial Governments of Japan and Russia respectively through the French Minister in Tokio and the Ambassador of the United States in Saint Petersburg and from the date of the later of such announcements this Treaty shall in all its parts come into full force.

The formal exchange of the ratifications shall take place at Washington as soon as possible.

Article XV.—The present treaty shall be signed in duplicate in both the English and French languages. The text are in absolute conformity, but in case of discrepancy in interpretation, the French text shall prevail.

In witness whereof, the respective Plenipotentiaries have signed and affixed their seals to the present Treaty of Peace.

Done at Portsmouth (New Hampshire) this fifth day of the ninth month of the thirty-eighth year of Meiji, corresponding to the twenty-third day of August (fifth September) one thousand nine hundred and five.

(Signed) JUTARO KOMURA [*L.S.*] *(Signed)* SERGE WITTE [*L.S.*]
(Signed) K. TAKAHIRA [*L.S.*] *(Signed)* ROSEN [*L.S.*]

(2)

*Additional Articles**

In conformity with the provisions of Articles III and IX of the Treaty of Peace between Japan and Russia of this date, the undersigned Plenipotentiaries have concluded the following additional Articles:—

I.—To Article III.

The Imperial Governments of Japan and Russia mutually engage to commence the withdrawal of their military forces from the territory of Manchuria simultaneously and immediately after the Treaty of Peace comes into operation, and within a period of eighteen months from that date, the Armies of the two countries shall be completely withdrawn from Manchuria, except from the leased territory of the Liao-tung Peninsula.

The forces of the two countries occupying the front position shall be first withdrawn.

The High Contracting Parties reserve to themselves the right to maintain guards to protect their respective railway lines in Manchuria. The number of such guards shall not exceed fifteen per kilometer and within that maximum number, the Commanders of the Japanese and Russian Armies shall, by common accord, fix the number of such guards to be employed, as small as possible having in view the actual requirements.

The Commanders of the Japanese and Russian forces in Manchuria shall agree upon the details of the evacuation in comformity with the above principles, and shall take by common accord the measure necessary to carry out the evacuation as soon as possible and in any case not later than the period of eighteen months.

II.—To Article IX.

As soon as possible after the present Treaty comes into force, a Commission of Delimitation, composed of an equal number of members to be appointed respectively by the two High Contracting Parties, shall on the spot, mark in a permanent manner the exact boundary between the Japanese and Russian possessions on the Island of Saghalien. The Commission shall be bound, so far as topographical considerations permit,

*MacMurray, *op. cit.*, p. 525. Original English text.

to follow the fiftieth parallel of north latitude as the boundary line, and in case any deflections from that line at any points are found to be necessary, compensation will be made by correlative deflections at other points. It shall also be the duty of the said Commission to prepare a list and description of the adjacent islands included in the cession and finally the Commission shall prepare and sign maps showing the boundaries of the ceded territory. The work of the Commission shall be subject to the approval of the High Contracting Parties.

The foregoing additional Articles are to be considered as ratified with the ratification of the Treaty of Peace to which they are annexed.

Portsmouth, the 5th day, 9th month, 38th year of Meiji, corresponding to 23rd August,
the ———————— 1905.
5th September,

(Signed) JUTARO KOMURA *(Signed)* SERGE WITTE
(Signed) K. TAKAHIRA *(Signed)* ROSEN

APPENDIX E

SINO-JAPANESE PEKING TREATY OF DECEMBER 22, 1905 AND ITS ADDITIONAL AGREEMENT WITH THE ALLEGED "SECRET PROTOCOLS"

(1)

*Treaty relating to Manchuria, December 22, 1905**

His Majesty the Emperor of Japan and His Majesty the Emperor of China, desiring to adjust certain matters of common concern growing out of the Treaty of Peace between Japan and Russia of September 5th, 1905, have resolved to conclude a Treaty with that object in view and have for that purpose named Their Plenipotentiaries, that is to say:

His Majesty the Emperor of Japan:

Baron Komura Jutaro, Jusammi, Grand Cordon of the Imperial Order of the Rising Sun, Minister for Foreign Affairs and Special Ambassador for His Majesty, and

Uchida Yasuya, Jushii, Second Class of the Imperial Order of the Rising Sun, His Majesty's Envoy Extraordinary and Minister Plenipotentiary; and

His Majesty the Emperor of China:

Prince Ching, Presiding Minister for Foreign Affairs, Councillor of State and Plenipotentiary of His Majesty,

Chu Hung-chi, Minister for Foreign Affairs, Councillor of State and Plenipotentiary of His Majesty and

Yuan Shih-kai, Viceroy of the Province of Chihli, Junior Guardian of the Heir-Apparent, Minister Superintendent of Trade for the Northern Ports and Plenipotentiary of His Majesty;

Who, after having exchanged their full powers which were found

*J. V. A. MacMurray (ed.), *Treaties and Agreements with and concerning China, 1894-1919* (2 vols.; New York: Oxford University Press, 1921), p. 549. Japanese official translation.

to be in good and due form, have agreed upon and concluded the following Articles:

Article I.—The Imperial Chinese Government consent to all the transfers and assignments made by Russia to Japan by Articles V and VI of the Treaty of Peace above mentioned.

Article II.—The Imperial Japanese Government engage that in regard to the leased territory as well as in the matter of railway construction and exploitation, they will, so far as circumstances permit, conform to the original agreements concluded between China and Russia. In case any question arises in the future on these subjects, the Japanese Government will decide it in consultation with the Chinese Government.

Article III.—The present Treaty shall come into full force from the date of signature. It shall be ratified by Their Majesties the Emperor of Japan and the Emperor of China and the ratifications shall be exchanged at Peking as soon as possible, and not later than two months from the present date.

In witness whereof, the respective Plenipotentiaries have signed this Treaty in duplicate in the Japanese and Chinese languages and have thereto affixed their seals.

Done at Peking, this twenty-second day of the twelfth month of the thirty-eighth year of Meiji, corresponding to the twenty-sixth day of the eleventh moon of the thirty-first year of Kuang Hsu.

(Signed) Baron KOMURA JUTARO, [*L.S.*]
Jusammi, Grand Cordon of the Imperial Order of the Rising Sun, Minister for Foreign Affairs and Special Ambassador of His Majesty the Emperor of Japan.

(Signed) UCHIDA YASUYA, [*L.S.*]
Jushii, Second Class of the Imperial Order of the Rising Sun, Envoy Extraordinary and Minister Plenipotentiary of His Majesty the Emperor of Japan.

(Signed) PRINCE CHING, [*L.S.*]
Presiding Minister for Foreign Affairs, Councillor of State and Plenipotentiary of His Majesty the Emperor of China.

(Signed) CHU HUNG-CHI, [*L.S.*]
Minister for Foreign Affairs, Councillor of State and Plenipotentiary of His Majesty the Emperor of China.

(Signed) YUAN SHIH-KAI, [*L.S.*]
Viceroy of the Province of Chihli, Junior Guardian of the Heir-Apparent, Minister Superintendent of Trade for the Northern Ports and Plenipotentiary of His Majesty the Emperor of China.

(2)

Additional Agreement,
*December 22, 1905**

The Governments of Japan and China, with a view to regulate, for their guidance, certain questions in which they are both interested in Manchuria, in addition to those provided for in the Treaty signed this day, have agreed as follows:

Article I.—The Imperial Chinese Government agree that as soon as possible after the evacuation of Manchuria by the Japanese and Russian forces, the following cities and towns in Manchuria will be opened by China herself as places of international residence and trade:

In the Province of Shengking [Fengtien or Liaoning]:
Fenghwangcheng; Liaoyang; Hsinmintun; Tiehling; Tungkiangtsu and Fakumen.

In the Province of Kirin:
Changchun (Kuanchengtzu); Kirin; Harbin; Ninguta; Hunchun and Sanhsing.

In the Province of Heilungkiang:
Tsitsihar; Hailar; Aihun [Aigun] and Manchuli.

Article II.—In view of the earnest desire expressed by the Imperial Chinese Government to have the Japanese and Russian troops and railway guards in Manchuria withdrawn as soon as possible, and in order to meet this desire, the Imperial Japanese Government, in the event of Russia agreeing to the withdrawal of her railway guards, or in case other proper measures are agreed to between China and Russia, consent to take similar steps accordingly. When tranquility shall have been reestablished in Manchuria and China shall have become herself capable of affording full protection to the lives and property of foreigners, Japan will withdraw her railway guards simultaneously with Russia.

Article III.—The Imperial Japanese Government, immediately upon the withdrawal of their troops from any regions in Manchuria, shall notify the Imperial Chinese Government of the regions thus evacuated, and even within the period stipulated for the withdrawal of troops in the Additional Articles of the Treaty of Peace between Japan and Rus-

*MacMurray, *op. cit.*, p. 551. Japanese official translation. Interpretation in the marks [ ] is given by the author.

sia, the Chinese Government may send necessary troops to the evacuated regions of which they have been already notified as above mentioned, for the purpose of maintaining order and tranquility in those regions. If, in the regions from which Japanese troops have not yet been withdrawn any villages are disturbed or damaged by native bandits, the Chinese local authorities may also dispatch a suitable military force for the purpose of capturing or dispersing those bandits. Such troops, however, shall not proceed within twenty Chinese *li* from the boundary of the territory where Japanese troops are stationed.

Article IV.—The imperial Government of Japan engage that Chinese public and private property in Manchuria, which they have occupied or expropriated on account of military necessity, shall be restored at the time the Japanese troops are withdrawn from Manchuria and that such property as is no longer required for military purposes shall be restored even before such withdrawal.

Article V.—The Imperial Chinese Government engage to take all necessary measures to protect fully and completely the grounds in Manchuria in which the tombs and monuments of the Japanese officers and soldiers who were killed in war are located.

Article VI—The Imperial Chinese Government agree that Japan has the right to maintain and work the military railway line constructed between Antung and Mukden and to improve the said line so as to make it fit for the conveyance of commercial and industrial goods of all nations. The term for which such right is conceded is fifteen years from the date of the completion of the improvements above provided for. The work of such improvements is to be completed within two years, exclusive of a period of twelve months during which it will have to be delayed owing to the necessity of using the existing line for the withdrawal of troops. The term of the concession above mentioned is therefore to expire in the 49th year of Kuang Hsu. At the expiration of that term, the said railway shall be sold to China at a price to be determined by appraisement of all its properties by a foreign expert who will be selected by both parties. The conveyance by the railway of the troops and munitions of war of the Chinese Government prior to such sale shall be dealt with in accordance with the regulations of the Eastern Chinese Railway. Regarding the manner in which the improvements of the railway are to be effected, it is agreed that the person undertaking the work on behalf of Japan shall consult with the Commissioner dispatched for the purpose by China. The Chinese Government will also appoint a Commissioner to look after the business relating to the railway as is provided in the Agreement relating to the Eastern Chinese Railway. It is further agreed that detailed regulations shall be concluded regarding the tariffs for the carriage by the railway of the public and private goods of China.

Article VII.—The Governments of Japan and China, with a view to promote and facilitate intercourse and traffic, will conclude, as soon as possible, a separate convention for the regulation of connecting services between the railway lines in South Manchuria and all the other railway lines in China.

Article VIII.—The Imperial Chinese Government engage that all materials required for the railways in South Manchuria shall be exempt from all duties, taxes and *likin*.

Article IX.—The methods of laying out the Japanese Settlement at Yinkou in the Province of Shengking, which has already been opened to trade, and at Antung and Mukden in the same Province, which are still unopen although stipulated to be opened, shall be separately arranged and determined by officials of Japan and China.

Article X.—The Imperial Chinese Government agree that a joint-stock company of forestry composed of Japanese and Chinese capitalists shall be organized for the exploitation of the forests in the regions on the right bank of the River Yalu and that a detailed agreement shall be concluded in which the area and term of the concession as well as the organization of the company and all regulations concerning the joint work of exploitation shall be provided for. The Japanese and Chinese shareholders shall share equally in the profits of the undertaking.

Article XI.—The Governments of Japan and China engage that in all that relates to frontier trade between Manchuria and Corea most favoured nation treatment shall be reciprocally extended.

Article XII.—The Governments of Japan and China engage that in all matters dealt with in the Treaty signed this day or in the present Agreement the most favourable treatment shall be reciprocally extended.

The present Agreement shall take effect from the date of signature. When the Treaty signed this day is ratified, this Agreement shall also be considered as approved.

In witness whereof, the Undersigned, duly authorized by their respective Governments, have signed the present Agreement in duplicate in the Japanese and Chinese languages and have thereto affixed their seals.

Done at Peking, this 22nd day of the 12th month of the 38th year of Meiji, corresponding to the 26th day of the 11th moon of the 31st year of Kuang Hsu.

(Signed) Baron KOMURA JUTARO, [*L.S.*]
Jusammi, Grand Cordon of the Imperial Order of the Rising Sun, Minister for Foreign Affairs and Special Ambassador of His Majesty the Emperor of Japan.

(Signed) UCHIDA YASUYA, [*L.S.*]
Jushii, Second Class of the Imperial Order of the Rising Sun, Envoy Extraordinary and Minister Plenipotentiary of His Majesty the Emperor of Japan.

(Signed) PRINCE CHING, [*L.S.*]
Presiding Minister for Foreign Affairs, Councillor of State and Plenipotentiary of His Majesty the Emperor of China.

(Signed) CHU HUNG-CHI, [*L.S.*]
Minister for Foreign Affairs, Councillor of State and Plenipotentiary of His Majesty the Emperor of China.

(Signed) YUAH SHIH-KAI, [*L.S.*]
Viceroy of the Province of Chihli, Junior Guardian of the Heir-Apparent, Minister Superintendent of Trade for the Northern Ports and Plenipotentiary of His Majesty the Emperor of China.

(3)

*Summary of Alleged "Secret Protocols" to Sino-Japanese Treaty of December 22, 1905**

"Whereas the protocols of the Conference recently held between the Plenipotentiaries of Japan and China with regard to Manchuria are to be kept strictly secret in deference to the desire of the Chinese Government, only such portions of those Protocols as possess the character of executory agreements are given in the following summary:

"1. The railway between Changchun and Kirin will be constructed by China with capital to be raised by herself. She, however, agrees to borrow from Japan the insufficient amount of capital, which amount being about one-half of the total sum required. The contract concerning the loan shall, in due time, be concluded, following, *mutatis mutandis*, the loan contract entered into between the Board of the Imperial Railways of North China and the Anglo-Chinese Syndicate. The term of the loan shall be twenty-five years, redeemable in yearly installments.

"2. The military railway constructed by Japan between Mukden and Hsinmintun shall be sold to China at a price to be fairly determined in consultation by Commissioners appointed for the purpose by the two Governments. China engages to reconstruct the line, making it her own

*MacMurray, *op. cit.*, p. 554. Japanese official translation. Interpretation in the marks [ ] is given by the author.

railway and to borrow from a Japanese corporation or corporations one half of the capital required for the portion of the line east of Liao-ho for a term of eighteen years repayable in yearly installments, and a contract shall be concluded, for the purpose following, *mutatis mutandis*, the loan contract entered into between the Board of the Imperial Railways of North China and the Anglo-Chinese Syndicate.

"All the other military railways in different localities shall be removed with the evacuation of the regions.

"3. The Chinese Government engage, for the purpose of protecting the interest of the South Manchuria Railway, not to construct, prior to the recovery by them of the said railway, any main line in the neighborhood of and parallel to that railway, or any branch line which might be prejudicial to the interest of the above-mentioned railway.

"4. China declares that she will adopt sufficient measures for securing Russia's faithful observance of the Russo-Chinese treaties with regard to the railways which Russia continues to possess in the northern part of Manchuria, and that it is her intention, in case Russia acts in contravention of such treaty stipulations, to approach her strongly with a view to have such action fully rectified.

"5. When in the future, negotiations are to be opened between Japan and Russia for regulation of the connecting railway services (Article VIII of the Treaty of Peace between Japan and Russia), Japan shall give China previous notice. China shall communicate to Russia her desire to take part in the negotiations through commissioners to be despatched by her on the occasion, and Russia consenting shall participate in such negotiations.

"6. With regard to the mines in the Province of Fengtien, appertaining to the railway, whether already worked or not, fair and detailed arrangements shall be agreed upon for mutual observance.

"7. The affairs relating to the connecting services as well as those of common concern in respect of the telegraph lines in the Province of Fengtien and the cables betwen Port Arthur and Yentai [a port of Shantung Province] shall be arranged from time to time as necessity may arise in consultation between the two countries.

"8. The regulations respecting the places to be opened in Manchuria, shall be made by China herself, but the Japanese Minister at Peking must be previously consulted regarding the matter.

"9. If no objection be offered on the part of Russia respecting to the navigation of the Sungari (by Japanese vessels), China shall consent to such navigation after negotiations.

"10. The Chinese Plenipotentiaries declare that immediately after the withdrawal of the Japanese and Russian troops from Manchuria, China will proceed to take, in virtue of her sovereign right, full adminis-

trative measures to guarantee peace in that region and endeavor, by the same right, to promote good and remove evil as well as steadily to restore order, so that the residents of that region, natives and foreigners, may equally enjoy the security of life and occupation under the perfect protection of the Chinese Government. As to the means of restoring order, the Chinese Government are to take by themselves all adequate measures.

"11. While relations of intimate friendship subsisted as at the present time between China and Japan, Japan and Russia had unfortunately engaged in war and fought in the territory of China. But peace has now been reestablished and hostilities in Manchuria have ceased. And while it is undeniable that Japanese troops, before their withdrawal, have the power of exercising the rights accruing from military occupation, the Chinese Government declare that certain Japanese subjects in Manchuria have recently been observed to sometimes interfere with the local Chinese administration and to inflict damage to public and private property of China.

"The Japanese Plenipotentiaries, considering that, should such interference and infliction of damage have been carried beyond military necessity, they are not proper acts, declare that they will communicate the purport of the above declaration of the Chinese Government to the Government of Japan, so that proper steps may be taken for controlling Japanese subjects in the Province of Fengtien and promote the friendly relation between the two nations, and also for preventing them in future, from interfering with the Chinese administration or inflicting damage to public or private property without military necessity.

"12. In regard to any public or private property of China which may have been purposely destroyed or used by Japanese subjects without any military necessity, the Governments of the two countries shall respectively make investigations and cause fair reparation to be made.

"13. When the Chinese local authorities intend to despatch troops for the purpose of subduing native bandits in the regions not yet completely evacuated by Japanese troops, they shall not fail to previously consult with the Commander of the Japanese troops stationed in those regions so that all misunderstanding may be avoided.

"14. The Japanese Plenipotentiaries declare that the Railway Guards stationed between Changchun and the boundary line of the leased territory of Port Arthur and Talien, shall not be allowed, before their withdrawal, to unreasonably interfere with the local administration of China or to proceed without permission beyond the limits of the railway.

"15. Chinese local authorities, who are to reside at Yinkou, shall be allowed, even before the withdrawal of the Japanese troops, to proceed to that place and transact their official business. The date of their

departure is to be determined, as soon as possible after the definite conclusion of this Treaty, by the Japanese Minister to China in consultation with the Waiwupu [Chinese Foreign Office]. As there is still in that place a considerable number of Japanese troops, quarantine regulations as well as regulations for the prevention of contagious diseases, shall be established by the authorities of the two countries in consultation with each other so that epidemics may be avoided.

"16. The revenue of the Maritime Customs at Yinkou shall be deposited with the Yokohama Specie Bank and delivered to the Chinese local authorities at the time of evacuation. As to the revenue of the native Customs at that place and the taxes and imposts at all other place, which are to be appropriated for local expenditures, a statement of receipts and expenditures shall be delivered to the Chinese local authorities at the time of evacuation."

APPENDIX F

SINO-JAPANESE TREATY AND NOTES OF MAY 25, 1915 RESPECTING SOUTH MANCHURIA AND EASTERN INNER MONGOLIA*

His Excellency the President of the Republic of China and His Majesty the Emperor of Japan, having resolved to conclude a Treaty with a view to developing their eeconomic relations in South Manchuria and Eastern Inner Mongolia, have for that purpose named as their Plenipotentiaries, that is to say:

His Excellency the President of the Republic of China, Lou Tseng-tsiang, Chung-ching, First Class Chia-ho Decoration, and Minister of Foreign Affairs; and His Majesty the Emperor of Japan, Hioki Eki, Jushii, Second Class of the Imperial Order of the Sacred Treasure, Minister Plenipotentiary and Envoy Extraordinary;

Who, after having communicated to each other their full powers, and found them to be in good and due form, have agreed upon and concluded the following Articles:—

Article 1. The two High Contracting Parties agree that the term of lease of Port Arthur and Dalny and the terms of the South Manchuria Railway and the Antung-Mukden Railway, shall be extended to 99 years.

Article 2. Japanese subjects in South Manchuria may, by negotiation, lease land necessary for erecting suitable buildings for trade and manufacture or for prosecuting agricultural enterprises.

Article 3. Japanese subjects shall be free to reside and travel in South Manchuria and to engage in business and manufacture of any kind whatsoever.

Article 4. In the event of Japanese and Chinese desiring jointly to undertake agricultural enterprises and industries incidental thereto, the Chinese Government may give its permission.

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*J. V. A. MacMurray (ed.), *Treaties and Agreements with and concerning China, 1894-1919* (2 vols.; New York: Oxford University Press, 1921), p. 1220. Japanese official translation.

Article 5. The Japanese subjects referred to in the preceding three articles, besides being required to register with the local Authorities passports which they must procure under the existing regulations, shall also submit to the police laws and ordinances and taxation of China.

Civil and Criminal cases in which the defendants are Japanese shall be tried and adjudicated by the Japanese Consul; those in which the defendants are Chinese shall be tried and adjudicated by Chinese Authorities. In either case an officer may be deputed to the court to attend the proceedings. But mixed civil cases between Chinese and Japanese relating to land shall be tried and adjudicated by delegates of both nations conjointly in accordance with Chinese law and local usage.

When, in future, the judicial system in the said region is completely reformed, all civil and criminal cases concerning Japanese subjects shall be tried and adjudicated entirely by Chinese law courts.

Article 6. The Chinese Government agrees, in the interest of trade and for the residence of foreigners, to open by China herself, as soon as possible, certain suitable places in Eastern Inner Mongolia as Commercial Ports.

Article 7. The Chinese Government agrees speedily to make a fundamental revision of the Kirin-Changchun Railway Loan Agreement, taking as a standard the provisions in railway loan agreements made heretofore between China and foreign financiers.

When, in future, more advantageous terms than those in existing railway loan agreements are granted to foreign financiers in connection with railway loans, the above agreement shall again be revised in accordance with Japan's wishes.

Article 8. All existing treaties between China and Japan relating to Manchuria shall, except where otherwise provided for by this Treaty, remain in force.

Article 9. The present Treaty shall come into force on the date of its signature. The present Treaty shall be ratified by His Excellency the President of the Republic of China and His Majesty the Emperor of Japan, and the ratifications thereof shall be exchanged at Tokio as soon as possible.

In witness whereof the respective Plenipotentiaries of the two High Contracting Parties have signed and sealed the present Treaty, two copies in the Chinese language and two in Japanese.

Done at Peking this twenty-fifth day of the fifth month of the fourth year of the Republic of China, corresponding to the same day of the same month of the fourth year of Taisho.

(Signed)

Exchange of Notes Respecting the terms of Lease of Port Arthur and Dalny and the terms of South Manchurian and Antung-Mukden Railways

Peking,
the 25th day of the 5th month of the 4th year of the Republic of China

—NOTE—

Monsieur le Ministre,

I have the honour to state that, respecting the provisions contained in Article I of the Treaty relating to South Manchuria and Eastern Inner Mongolia, signed this day, the term of lease of Port Arthur and Dalny shall expire in the 86th year of the Republic or 1997. The date for restoring the South Manchuria Railway to China shall fall due in the 91st year of the Republic or 2002. Article 12 in the original South Manchurian Railway Agreement providing that it may be redeemed by China after 36 years from the day on which the traffic is opened is hereby cancelled. The term of the Antung-Mukden Railway shall expire in the 96th year of the Republic or 2007.

I avail, etc.,
(Signed) LOU TSENG-TSIANG

His Excellency,
Hioki Eki,
Japanese Minister

—Reply—

Peking
the 25th day of the 5th month of the 4th year of Taisho.

Excellency,

I have the honour to acknowledge the receipt of Your Excellency's note of this day's date, in which you stated "that respecting the provisions contained in Article 1 of the Treaty relating to South Manchuria and Eastern Inner Mongolia, signed this day, the term of lease of Port Arthur and Dalny shall expire in the 86th year of the Republic or 1997. The date for restoring the South Manchuria Railway to China shall fall due in the 91st year of the Republic or 2002. Article 12 in the original South Manchurian Railway Agreement providing that it may be redeemed by China after 36 years from the day on which the traffic is opened, is hereby cancelled. The term of the Antung-Mukden Railway shall expire in the 96th year of the Republic or 2007."

In reply I beg to state that I have taken note of the same.

I avail, etc.,
(Signed) HIOKI EKI

His Excellency,
Lou Tseng-tsiang,
Minister of Foreign Affairs

Exchange of Notes Respecting the Opening of Ports in Eastern Inner Mongolia

Peking,
the 25th day of the 5th month of the 4th year of the Republic of China

—NOTE—

Monsieur le Ministre,

I have the honour to state that the places which ought to be opened as Commercial Ports by China herself, as provided in Article 6 of the Treaty respecting South Manchuria and Eastern Inner Mongolia signed this day, will be selected, and the regulations thereof will be drawn up, by the Chinese Government itself, a decision concerning which will be made after consulting the Minister of Japan.

I avail, etc.,

(Signed) LOU TSENG-TSIANG

His Excellency,
Hioki Eki,
Japanese Minister

—Reply—

Peking,
the 25th day of the 5th month of the 4th year of Taisho

Excellency,

I have the honor to acknowledge the receipt of Your Excellency's note of this day's date in which you stated "that the places which ought to be opened as Commercial Ports by China herself, as provided in Article 6 of the Treaty respecting South Manchuria and Eastern Inner Mongolia signed this day, will be selected, and the regulations therefor will be drawn up, by the Chinese Government itself, a decision concerning which will be made after consulting the Minister of Japan."

In reply, I beg to state that I have taken note of the same.

I avail, etc.,

(Signed) HIOKI EKI

His Excellency,
Lou Tseng-tsiang,
Minister of Foreign Affairs

Exchange of Notes Respecting Mining Areas in South Manchuria

Peking,
the 25th day of the 5th month of the 4th year of the Republic of China

—NOTE—

Monsieur le Ministre,

I have the honor to state that Japanese subjects shall, as soon as possible, investigate and select mines in the mining areas in South Manchuria specified hereinunder, except those being prospected for or worked, and the Chinese Government will then permit them to prospect or work the same; but before the Mining Regulations are definitely settled, the practice at present in force shall be followed:

Provinces	*Locality*	*District*	*Mineral*
Fengtien	Niu Hsin T'ai	Pen-hsi	Coal
	Tien Shih Fu Kou	"	"
	Sha Sung Kang	Hai-lung	"
	T'ieh Ch'ang	Tung-hua	"
	Nuan Ti T'ang	Chin	"
	An Shan Chan region	From Liaoyang to Pen-hsi	Iron
Kirin (southern portion)	Sha Sung Kang	Ho-lung	C. I.
	Kang Yao	Chi-lin (Kirin)	Coal
	Chia P'i Kou	Hua-tien	Gold

I avail, etc.,

(Signed) LOU TSENG-TSIANG

His Excellency,
Hioki Eki,
Japanese Minister

—Reply—

Peking,
the 25th day of the 5th month of the 4th year of Taisho

Excellency,

I have the honour to acknowledge the receipt of Your Excellency's note of this day's date respecting the opening of mines in South Manchuria, stating; "Japanese subjects shall, as soon as possible, investigate and

select mines in the mining areas in South Manchuria specified hereinunder, except those being prospected for or worked, and the Chinese Government will then permit them to prospect and/or work the same; but before the Mining Regulations are definitely settled, the practice at present in force shall be followed:

Provinces	*Locality*	*District*	*Mineral*
Fengtien	1. Niu Hsin T'ai	Pen-hsi	Coal
	2. Tien Shih Fu Kou	"	"
	3. Sha Sung Kang	Hai-lung	"
	4. T'ieh Ch'ang	Tung-hua	"
	5. Nuan Ti T'ang	Chin	"
	6. An Shan Chan region	From Liaoyang to Pen-hsi	Iron
Kirin (southern portion)	1. Sha Sung Kang	Ho-lung	C. I.
	2. Kang Yao	Chi-lin (Kirin)	Coal
	3. Chia P'i Kou	Hua-tien	Gold

I avail, etc.,

(Signed) HIOKI EKI

His Excellency,
Lou Tseng-tsiang
Minister of Foreign Affairs of the
Republic of China

Exchange of Notes Respecting Railways and Taxes in South Manchuria and Eastern Inner Mongolia

Peking,
the 25th day of the 5th month of the 4th year of the Republic of China

—NOTE—

Monsieur le Ministre

In the name of my Government, I have the honour to make the following declaration to your Government:—

China will hereafter provide funds for building necessary railways in South Manchuria and Eastern Inner Mongolia, if foreign capital is required China may negotiate for a loan with Japanese capitalists first, and further, the Chinese Government, when making a loan in future on the security of taxes in the above-mentioned places (excluding the salt and customs revenue which have already been pledged by the Chinese Central Government) may negotiate for it with Japanese capitalists first.

I avail, etc.,

(Signed) LOU TSENG-TSIANG

His Excellency,
Hioki Eki,
Japanese Minister

—Reply—

Peking,
the 25th day of the 5th month of the 4th year of Taisho

Excellency,

I have the honour to acknowledge the receipt of Your Excellency's note of this day's date respecting railways and taxes in South Manchuria and Eastern Inner Mongolia in which you stated:

China will hereafter provide funds for building necessary railways in South Manchuria and Eastern Inner Mongolia, if foreign capital is required China may negotiate for a loan with Japanese capitalists first; and further, the Chinese Government, when making a loan in future on the security of taxes in the above-mentioned places (excluding the salt and customs revenue which has already been pledged by the Chinese Central Government) may negotiate for it with Japanese capitalists first.

In reply I beg to state that I have taken note of the same.

I avail, etc.,

(Signed) HIOKI EKI

His Excellency,
Lou Tseng-tsiang,
Minister of Foreign Affairs

Exchange of Notes Respecting the Employment of Advisers in South Manchuria

Peking,
the 25th day of the 5th month of the 4th year of the Republic of China

—NOTE—

Monsieur le Ministre,

In the name of the Chinese Government, I have the honour to make the following declaration to your Government:—

"Hereafter, if foreign advisers or instructors in political, financial, military or police matters are to be employed in South Manchuria, Japanese may be employed first."

I avail, etc.,

(Signed) LOU TSENG-TSIANG

His Excellency,
Hioki Eki,
Japanese Minister

—Reply—

Peking,
the 25th day of the 5th month of the 4th year of Taisho

Excellency,

I have the honour to acknowledge the receipt of Your Excellency's note of this day's date in which you made the following declaration in the name of your Government:—

"Hereafter if foreign advisers or instructors in political, financial, military or police matters are to be employed in South Manchuria, Japanese may be employed first."

In reply, I beg to state that I have taken note of the same.

I avail, etc.,

(Signed) HIOKI EKI

His Excellency,
Lou Tseng-tsiang,
Minister of Foreign Affairs

Exchange of Notes Respecting the Explanation of "Lease by Negotiation" in South Manchuria

Peking,
the 25th day of the 5th month of the 4th year of Taisho

—NOTE—

Excellency,

I have the honour to state that the term "lease by negotiation" contained in Article 2 of the Treaty respecting South Manchuria and Eastern Inner Mongolia signed this day shall be understood to imply a long-term lease of not more than thirty years and also the possibility of its unconditional renewal.

I avail, etc.,

(Signed) HIOKI EKI

His Excellency,
Lou Tseng-tsiang,
Minister of Foreign Affairs

—Reply—

Peking,
the 25th day of the 5th month of the 4th year of the Republic of China

Monsieur le Ministre,

I have the honour to acknowledge the receipt of Your Excellency's note of this day's date in which you state

"The term 'lease by negotiation' contained in Article 2 of the Treaty respecting South Manchuria and Eastern Inner Mongolia signed this day shall be understood to imply a long-term lease of not more than thirty years and also the possibility of its unconditional renewal."

In reply I beg to state that I have taken note of the same.

I avail, etc.,
(Signed) LOU TSENG-TSIANG

His Excellency,
Hioki Eki,
Japanese Minister

Exchange of Notes Respecting the Arrangement for Police Laws and Ordinances and Taxation in South Manchuria and Eastern Inner Mongolia

Peking,
the 25th day of the 5th month of the 4th year of the Republic of China

—NOTE—

Monsieur le Ministre,

I have the honour to state that, as regards the police laws and ordinances and the taxation to which Japanese subjects shall submit according to Article 5 of the Treaty respecting South Manchuria and Eastern Inner Mongolia signed this day, the Chinese authorities will come to an understanding with the Japanese Consul before their enforcement.

I avail, etc.,
(Signed) LOU TSENG-TSIANG

His Excellency,
Hioki Eki,
Japanese Minister

—Reply—

Peking,
the 25th day of the 5th month of the 4th year of Taisho

Excellency,

I have the honor to acknowledge the receipt of Your Excellency's note of this day's date in which you state:

"As regards the police laws and ordinances and the taxation to which Japanese subjects shall submit according to Article 5 of the Treaty respecting South Manchuria and Eastern Inner Mongolia signed this day, the Chinese authorities will come to an understanding with the Japanese Consul before their enforcement."

In reply, I beg to state that I have taken note of the same.

I avail, etc.,

(Signed) HIOKI EKI

His Excellency,
Lou Tseng-tsiang,
Minister of Foreign Affairs

Exchange of Notes Respecting the Postponement of the Operation of Articles 2, 3, 4 and 5 of the Treaty Respecting South Manchuria and Eastern Inner Mongolia

Peking,
the 25th day of the 5th month of the 4th year of the Republic of China.

—NOTE—

Monsieur le Ministre,

I have the honour to state that, inasmuch as preparations have to be made regarding Articles 2, 3, 4 & 5 of the Treaty Respecting South Manchuria and Eastern Inner Mongolia signed this day, the Chinese Government proposes that the operation of the said Articles be postponed for a period of three months beginning from the date of the signing of the said Treaty.

I hope your Government will agree to this proposal.

I avail, etc.,

(Signed) LOU TSENG-TSIANG

His Excellency,
Hioki Eki,
Japanese Minister

—Reply—

Peking,
the 25th day of the 5th month of the 4th year of Taisho

Excellency,

I have the honour to acknowledge the receipt of Your Excellency's note of this day's date in which you stated that, "inasmuch as preparations have to be made regarding Articles 2, 3, 4 & 5 of the Treaty respecting South Manchuria and Eastern Inner Mongolia signed this day, the Chinese Government proposes that the operation of the said Articles be postponed for ■ period of three months beginning from the date of the signing of the said Treaty."

In reply, I beg to state that I have taken note of the same.

I avail, etc.,

(Signed) HIOKI EKI

His Excellency,
Lou Tseng-tsiang,
Minister of Foreign Affairs

APPENDIX G

PROCLAMATION ON THE ESTABLISHMENT OF MANCHUKUO, MARCH 1, 1932*

The territories of Manchuria and Mongolia form a region remote and isolated on the Continent of Asia. The records of the past show that its history is a long one; that the country experienced unions and disunions within its borders; and that the soil of the land is fertile and the people honest and simple in their manners and customs. After the country was opened to intercourse with outside countries the population increased in numbers and the products in volume, thus turning the country into a land of abundance and promise.

On the contrary, since the establishment of the Chinese Republic following the revolution of 1911, the military factions of the Northeastern Provinces, taking advantage of civil wars in China Proper, usurped its administrative power, and brought the Three Eastern Provinces under their control. Twenty years have elapsed since the revolution, during which time one war-lord has succeeded another, each of whom, completely disregarding the welfare of the people, indulged himself in greed, extravagance and dissipation. While they were bent upon the pursuit of their self-interest and cupidity, the people, on the other hand, were burdened with over-taxation at the will of the war-lords. As a result the currency system witnessed complete ruin, and the business of the country became stagnant and finally collapsed.

At this critical time, again, the war-lords, giving rein to their ambition, advance their army into the country south of the Great Wall, and caused unnecessary strife, killing and wounding a large number of people. Although suffered defeat many a time, they never realized their own folly; they have lost the confidence and respect of the foreign powers. They waged wars with neighbouring countries; and with utter disregard to the spirit of friendliness and cordiality towards foreign countries, they encouraged anti-foreign movements.

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*Publications of the Department of Foreign Affairs, Manchukuo Government, Series No. 1, Hsinking.

The laxity in the police administration caused disturbances in the country and gave rise to ravages by thieves and bandits. Acts of looting, arson and massacre by these lawless elements terrified the entire population and exposed them to hunger in all corners of the country. To leave these thirty million people of Manchuria and Mongolia further in their hands within the borders would have meant their exposure to atrocity and lawlessness and finally to their extinction. The people earnestly desire to extricate themselves from this extreme danger and horror. Happily, through the aid of the army of a neighbour Power, it has been possible to expel these corrupt elements from the area where they had entrenched themselves for many years past. The home of misrule and corruption is thus now being given a thorough cleaning. This we believe is a Heaven-sent opportunity to the people of Manchuria and Mongolia to shake off their shackles, who should, therefore, rise to the occasion and strive for regeneration and rebirth with courage and determination.

Turning our eyes to China Proper we note that the rival war-lords have engaged in intermittent warfare ever since the revolution took place. Of late years despotic rule over the country was exercised by one party alone. Under the guise of the "Three Principles of the People," the people are put to death in name of Min-sheng; their leaders are bent only upon promoting their own interests and indulging in their greed in the name of Min-chuan; and in their eyes there is nothing outside their own party although they profess the principle of Min-tsu. In this manner, though they declare that the country is ruled with fairness and equality, the practice of the party leaders is in utter contradiction to what they profess, thus not only deceiving themselves but the people at the same time.

Of late years, internal strifes caused by illegal partitioning of one another's territory have been frequent in China Proper. Even the existence of the Kuomintang party itself is now in danger. In these circumstances, it is impossible to expect from them any regard for national welfare. The country is at present overrun by Communist bands whose poisonous influences are fast eating into the flesh of the people and the very heart of the national government. In the face of these deplorable conditions we are compelled to look back to the days of the Ching and Ming dynasties, as well as those of the Yao and Shun and lament the vast distance that separates us from the days of the golden age of our history. It should be noted that this feeling of ours is equally shared by friendly nations abroad.

The result of twenty long years' experiences has convincingly taught us that we must bravely face the realities and take upon ourselves the task of reforming our national life and of bringing about a new golden

age. The fact must be borne in mind, however, that evil influences are still with us, and should we evade the issue at this time and fail to check the spread of Communism, it is obvious that the destruction of the nation is inevitable. In this hour of crisis unless the people of Manchuria and Mongolia awake to a realization of the Heaven-given opportune call to liberate themselves from this corrupt political state, their extinction, too, will have to be faced.

After thorough deliberations for several months past at numerous meetings, the leaders of Fengtien, Kirin, Heilungkiang and Jehol Provinces, Harbin Special District, and those under various banners of Mongolia, have come to a unanimous conclusion to adopt a practical application of good rule rather than a display of words in the administration of State affairs. Under whatever form of government, the primary duty of the State is to assure the inhabitants peace and security.

Manchuria and Mongolia constituted in the past a separate State detached from China Proper. The present situation places us in a position to strive for our own national independence. Accordingly, by the will of the thirty million people, we hereby declare on this day that we sever our relations with the Republic of China and establish the State of Manchuria, and we hereby made a public proclamation of the fundamental principles on which this new State is founded.

1. We believe that statecraft should be founded upon the principle of Tao or the Way, and Tao founded upon Tien or Heaven. The principle on which this New State is based is to follow Tien or Heaven that the people may have peace and security. The government must be approved by the people and no man's personal views shall be permitted to influence the affairs of the State.

2. There shall be no discrimination with respect to race and caste among those people who now reside within the territory of the new State. Besides the races of the Hans, Manchus, Mongols, Japanese and Koreans, the peoples of other foreign countries may upon application have their rights guaranteed.

3. In internal affairs the new State will reject the policies adopted in the dark days of the past. It will revise laws and enforce local autonomy, draft able men into the service of the government and elevate the officials deserving promotion, encourage industry, unify the currency system, open up the natural resources of the country, endeavour to maintain a good standard of living for the people, adjust and regulate the administration of the police, eliminate banditry, and promote and popularize education, respect Li-chiao, the teachings of Confucianism, and apply the principle of Wangtao, the Way of Benevolent Ruler, and practice its teachings. These, we believe, will enlighten the people to maintain the honour of perpetuating the peace of the Far East and thus

set an example of model government to the world.

4. The foreign policy of the new State shall be to seek and further promote cordial relations with foreign powers by winning their confidence and respect, and to observe strictly international conventions. Financial obligations incurred within the territory of Manchuria by treaty stipulations with various countries prior to the establishment of the new State shall be met according to the usual international conventions. Foreign investments by any nation shall be welcomed for the furtherance of trade and the exploitation of natural resources, thus bringing the principles of the Open Door and Equal Opportunity and the like to a fuller realization.

The foregoing articles constitute the fundamental principles underlying the establishment of the new State. The newly-formed Government will bear all responsibilities thereof from the day of the creation of the new State and the Government hereby pledges upon oath to the thirty million inhabitants that these shall be faithfully carried out.

MANCHUKUO GOVERNMENT

1st March, 1932
First Year of Tatung

APPENDIX H

MANCHUKUO COMMUNICATION TO FOREIGN MINISTERS OF VARIOUS POWERS, MARCH 12, 1932*

Sir,

I have the honour of informing you that the Provinces of Fengtien, Kirin, Heilungkiang and Jehol, the Tungsheng Special District and Mongolian Mengs (Leagues) under Several Banners have united themselves to establish an independent Government severing their relations with the Republic of China and created "Manchukuo," the State of Manchuria, on March 1st, 1932.

You are no doubt aware that the old military authorities, headed by Chang Hsueh-liang, that administered the Northeastern Provinces, sought only their self-interest and failed to give adequate consideration to the welfare of the people; that the entire populace was subjected to extreme sufferings through outrageous exactions resulting from the corrupt discipline in the official circles; and that the relations with foreign nations were greatly impaired through the enforcement of anti-foreign policies. Furthermore in China proper there is to be found no unified and stable government due to constant factional strifes of murderous nature among various military leaders of their own race and not a day of peace is to be seen by the people at large.

Hereupon, the people of Manchuria at the opportune time when the old military power was overthrown established a new State with unity of endeavours and a single purpose.

The Government of Manchuria proposes to perfect the institution of laws and to establish security for the life of the people and to exert all possible power for the promotion of their happiness and peace.

As regards the relations with foreign nations it has been definitely decided that the diplomatic intercourse shall conform to the several principles hereinafter stated:

1. That the Government shall conduct the affairs of the State ac-

*Publications of the Department of Foreign Affairs, Manchukuo Government, Series No. 1, Hsinking.

cording to the primary principle of faith and confidence and the spirit of harmony and friendship, and pledge to maintain and promote international peace.

2. That the Government shall respect international justice in accordance with the international laws and conventions.
3. That the Government shall succeed to those liable obligations, due to the Republic of China by virtue of treaty stipulations with foreign countries, in the light of the international laws and conventions and that those obligations shall be faithfully discharged.
4. That the Government shall not infringe upon the acquired rights of the people of foreign countries within the limits of the State of Manchuria, and further that their persons and properties shall be given full protection.
5. That the Government welcome the entry of the peoples of foreign nations and their residence in Manchuria and that all races shall be accorded an equal and equitable treatment.
6. That trade and commerce with foreign countries shall be facilitated so as to contribute to the development of world economy.
7. That with regard to the economic activities of the peoples of foreign nations within the State of Manchuria the principle of the Open Door shall be observed.

It is the earnest desire of this Government that your Government will fully understand the purport of the establishment of the State of Manchuria herein before stated and that formal diplomatic relations be established between your Government and the State of Manchuria.

With the assurances of my highest esteem and distinguished consideration,

Respectfully,

HSIEH CHIEH-SHIH
Minister for Foreign Affairs
Manchukuo

12th March, 1932.
First Year of Tatung

To Foreign Ministers of 17 Countries which have Consular Officials in Manchuria, namely, Austria, Belgium, Czechoslovakia, Denmark, Estonia, France, Germany, Great Britain, Japan, Italy, Latvia, Lithuania, Netherlands, Poland, Portugal, the United States, and the Union of Soviet Socialist Republics; and 35 other countries.

APPENDIX I

MANCHUKUO-JAPAN PROTOCOL, SEPTEMBER 15, 1932*

Whereas Japan has recognized the fact that Manchukuo, in accordance with the free will of its inhabitants, has organized and established itself as an independent State; and

Whereas Manchukuo has declared its intention of abiding by all international engagements entered into by China in so far as they are applicable to Manchukuo;

Now the Governments of Manchukuo and Japan have, for the purpose of establishing a perpetual relationship of good neighbourhood between Manchukuo and Japan, each respecting the territorial rights of the other, and also in order to secure the peace of the Far East, agreed as follows:—

1. Manchukuo shall confirm and respect, in so far as no agreement to the contrary shall be made between Manchukuo and Japan in the future, all rights and interests possessed by Japan or her subjects within the territory of Manchukuo by virtue of Sino-Japanese treaties, agreements or other arrangements or Sino-Japanese contracts, private as well as public;
2. Manchukuo and Japan, recognizing that any threat to the territory or to the peace and order of either of the High Contracting Parties constitutes at the same time a threat to the safety and existence of the other, agree to cooperate in the maintenance of their national security; it being understood that such Japanese forces as may be necessary for this purpose shall be stationed in Manchukuo.

The present Protocol has been drawn up in Chinese and Japanese, two identical copies being made in each language. Should any difference arise in regard to interpretation between the Chinese and the Japanese texts, the Japanese text shall prevail.

**Publications of the Department of Foreign Affairs, Manchukuo Government*, Series No. 1, Hsinking.

In witness whereof the undersigned, duly authorized by their respective Governments, have signed the present Protocol and have affixed their seals thereto.

Done at Hsinking, this 15th day of the Ninth month of the First year of Tatung, corresponding to the 15th day of the Ninth month of the Seventh year of Showa.

(L.S.) CHENG HSIAO-HSU
Prime Minister of Manchukuo,

(L.S.) NOBUYOSHI MUTO
Ambassador Extraordinary and Plenipotentiary of His Majesty the Emperor of Japan.

APPENDIX J

JAPAN'S STATEMENT OF APRIL 17, 1934, BY EIJI AMAU THE OFFICIAL SPOKESMAN OF THE FOREIGN OFFICE*

Owing to the special position of Japan in her relations with China, her view and attitude respecting matters that concern China may not agree at every point with those of foreign nations, but it must be realized that Japan is called upon to exert the utmost effort in carrying out her mission and fulfilling her special responsibilities in Eastern Asia.

Japan has been compelled to withdraw from the League of Nations because of failure to agree in opinions on the fundamental principles of preserving peace in Eastern Asia. Although Japan's attitude toward China, may, at times, differ from that of foreign countries, such a difference cannot be evaded, owing to Japan's position and mission.

It goes without saying that Japan at all times is endeavoring to maintain and promote friendly relations with foreign nations, but at the same time we consider it only natural that to keep peace and order in Eastern Asia we must even act alone on our own responsibility, and it is our duty to do so. At the same time there is no country but China that is in a position to share with Japan the responsibility for the maintenance of peace in Eastern Asia.

Accordingly, the unification of China and the preservation of her territorial integrity as well as the restoration of order in that country are most ardently desired by Japan. History shows that these can be attained through no other means than the awakening and the voluntary efforts of China herself.

We oppose, therefore, any attempt on the part of China to avail herself of the influence of any other country in order to resist Japan. We also oppose any action taken by China calculated to play one Power against another. Any joint operations undertaken by foreign Powers, even in the name of technical and financial assistance, at this particular moment after the Manchurian and Shanghai incidents, are bound to

*The text is copied from the *New York Times*, April 21, 1934.

acquire political significance.

Undertakings of such a nature, if carried through to the end, must give rise to complications that might eventually necessitate the discussion of problems like the division of China, which would be the greatest possible misfortune to China and at the same time would have the most serious repercussions upon Japan and Eastern Asia.

Japan, therefore, must object to such undertakings as a matter of principle, although she will not find it necessary to interfere with any foreign country's negotiating individually with China on questions of finance or trade as long as such negotiations benefit China and are not detrimental to peace in Eastern Asia.

However, the supplying to China of war planes, the building of aerodromes in China and the detailing of military instructors and advisers to China, or the contracting of a loan to provide funds for political uses would obviously tend to alienate the friendly relations between Japan and China and other countries and to disturb the peace and order of Eastern Asia. Japan will oppose such projects.

The foregoing attitude of Japan should be clear from the policies she has pursued in the past, but on account of the fact that positive movements for joint action in China by foreign Powers, under one pretext or another, are reported to be on foot, it is deemed not inappropriate to reiterate her policy at this time.

APPENDIX K

JAPAN-MANCHUKUO JOINT ECONOMIC COMMISSION AGREEMENT, JULY 15, 1935*

Whereas the Governments of Japan and Manchukuo entertain a desire to realize the rational coordination of the economics of the two countries with the purpose of permanently consolidating the relationship of economic interdependence now existing between Japan and Manchukuo;

Whereas the two Governments have recognized the need of achieving a full and close cooperation, among other matters, in important economic questions affecting the two countries in accordance with the principles of the protocol of Japan and Manchukuo signed on the 15th day of the 9th month of the 7th year of Showa, corresponding to the 15th day of the 9th month of the 1st year of Tatung;

Now the two Governments, having resolved to establish a Japan-Manchukuo Joint Economic Commission, have agreed as follows:

ARTICLE 1

A Japan-Manchukuo Joint Economic Commission shall be established at Hsinking in Manchukuo.

ARTICLE 2

The commission may be consulted by the Governments of Japan and Manchukuo as to important matters regarding the inter-relation of the economics of the two countries as well as important matters regarding the supervision of the management of special companies set up as Japanese-Manchukuo joint enterprises and shall then submit its views thereon to the two governments.

ARTICLE 3

The Governments of Japan and Manchukuo shall take no measures regarding such matters as are specified in the preceding Article unless

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*An unofficial translation, copied from the *Manchuria Month*, a supplement of the *Manchuria Daily News*, Japanese-edited, in English language, Dairen, No. 14 (August, 1935), p. 47.

they have previously consulted the commission regarding them and have obtained its views thereon.

ARTICLE 4

The commission may, when necessary, make recommendations to the Governments of Japan and Manchukuo in regard to all matters pertaining to the rational coordination of the economics of the two countries.

ARTICLE 5

The organization and operation of the commission shall be regulated by the annex to the present agreement.

ARTICLE 6

The present agreement shall be put into effect on the day of its signature.

The present agreement has been drawn up in the Japanese and the Chinese languages, and should any difference arise in regard to interpretation between the Japanese and the Chinese texts, the Japanese text shall prevail.

In witness whereof the undersigned, duly authorized by their respective governments, have signed the present agreement and have affixed their seals thereto.

Done at Hsinking, this 15th day of the 7th month of the 10th year of Showa, corresponding to the 15th day of the 7th month of the 2nd year of Kangte.

(L.S.) JIRO MINAMI,
Ambassador Extraordinary and Minister Plenipotentiary of His Imperial Majesty the Emperor of Japan.

(L.S.) CHANG YEN-CHING,
Minister for Foreign Affairs of Manchukuo.

ANNEX

1. The commission shall be composed of eight members, of whom the Governments of Japan and Manchukuo shall each appoint four and shall respectively inform the other government of their appointments.

In the event of any member being prevented from attending any meeting of the commission on account of unavoidable circumstances, the Japanese ambassador to Manchukuo and the prime minister of Manchukuo shall consult each other in the nomination of a deputy and the said deputy shall attend the meeting.

The said deputy shall act in the name of the absent member.

Besides the members mentioned in the preceding paragraph, the Gov-

ernments of Japan and Manchukuo, when necessary, may, upon consultation, each appoint an equal number of temporary members.

2. The president shall be elected by the members of the commission from among their number.

3. There shall be a certain number of secretaries of the commission. They shall deal with the secretarial affairs of the commission.

The Governments of Japan and Manchukuo shall each appoint an equal number of secretaries from among those attached to the members of the Commission.

4. The proceedings of the commission shall be decided by a majority vote. In the event of an equality of votes, the president shall decide.

The President shall not be prevented from voting as a member of the commission.

5. The commission shall adopt its own rules of procedure subject to the approval of the Governments of Japan and Manchukuo.

APPENDIX L

TANAKA MEMORIAL*

Presented to the Emperor of Japan on July 25, 1927, by Premier Giichi Tanaka, outlining the Positive Policy in Manchuria

Since the European War, Japan's political as well as economic interests have been in an unsettled condition. This is due to the fact that we have failed to take advantage of our special privileges in Manchuria and Mongolia and fully to realize our acquired rights. But upon my appointment as premier, I was instructed specially to guard our interests in this region and watch for opportunities for further expansion. Such injunctions one can not take lightly. Ever since I advocated positive policy towards Manchuria and Mongolia as a common citizen, I have longed for its realization. So in order that we may lay plans for the colonization of the Far East and the development of our new continental empire, a special conference was held from June 27th to July 7th lasting in all eleven days. It was attended by all the civil and military officers connected with Manchuria and Mongolia, whose discussions result in the following resolutions. These we respectfully submit to Your Majesty for consideration.

General Considerations

The term Manchuria and Mongolia includes the provinces Fengtien, Kirin, Heilungkiang and Outer and Inner Mongolia. It extends an area of 74,000 [*sic*] square miles, having a population of 28,000,000 people. The territory is more than three times as large as our own empire not counting Korea and Formosa, but it is inhabited by only one-third as many people. The attractiveness of the land does not arise from the scarcity of population alone; its wealth of forestry, minerals and agri-

*From *The China Critic*, a Chinese-edited English weekly, Shanghai, Vol. IV, No. 39 (September 24, 1931), pp. 923-934. Interpretation in marks [ ] is given by the author.

cultural products is also unrivalled elsewhere in the world. In order to exploit these resources for the perpetuation of our national glory, we created especially the South Manchuria Railway Company. The total investment involved in our undertakings in railway, shipping, mining, forestry, steel manufacture, agriculture and cattle raising, as schemes pretending to be mutually beneficial to China and Japan, amounts to no less than Yen 440,000,000. It is veritably the largest single investment and the strongest organization of our country. Although nominally the enterprise is under the joint ownership of the Government and the people, in reality the government has complete power and authority. In so far as the South Manchuria Railway Company is empowered to undertake diplomatic, police, and ordinary administrative functions so that it may carry out our imperialistic policies, the Company forms a peculiar organization which has exactly the same powers as the Governor-General of Korea. This fact alone is sufficient to indicate the immense interests we have in Manchuria and Mongolia. Consequently the policies towards this country of successive administrations since Meiji are all based on his injunctions, elaborating and continuously completing the development of the new continental empire in order to further the advance of our national glory and prosperity for countless generations to come.

Unfortunately, since the European War there have been constant changes in diplomatic as well as domestic affairs. The authorities of the Three Eastern Provinces are also awakened and gradually work toward reconstruction and industrial development following our example. Their progress is astonishing. It has affected the spread of our influence in a most serious way, and has put us to so many disadvantages that the dealings with Manchuria and Mongolia of successive governments have resulted in failure. Furthermore, the restrictions of the Nine Power Treaty signed at the Washington Conference have reduced our special rights and privileges in Manchuria and Mongolia to such an extent that there is no freedom left for us. The very existence of our country is endangered. Unless these obstacles are removed, our national existence will be insecure and our national strength will not develop. Moreover, the resources of wealth are congregated in North Manchuria. If we do not have the right of way here, it is obvious that we shall not be able to tap the riches of this country. Even the resources of South Manchuria which we won by the Russo-Japanese War will also be greatly restricted by the Nine Power Treaty. The result is that while our people cannot migrate into Manchuria as they please, the Chinese are flowing in as a flood. Hordes of them move into the Three Eastern Provinces every year, numbering in the neighbourhood of several millions. They have jeopardized our acquired rights in Manchuria anl Mon-

golia to such an extent that our annual surplus population of eight hundred thousand have no place to seek refuge. In view of this we have to admit our failure in trying to effect a balance between our population and food supply. If we do not devise plans to check the influx of Chinese immigrants immediately, in five years' time the number of Chinese will exceed 6,000,000. Then we shall be confronted with greater difficulties in Manchuria and Mongolia.

It will be recalled that when the Nine Power Treaty was signed which restricted our movements in Manchuria and Mongolia, public opinion was greatly aroused. The late Emperor Taisho called a conference of Yamagata and other high officers of the army and the navy to find a way to counteract this new engagement. I was sent to Europe and America to ascertain secretly the attitude of the important statesmen toward it. They were all agreed that the Nine Power Treaty was initiated by the United States. The other Powers which signed it were willing to see our influence increase in Manchuria and Mongolia in order that we may protect the interests of international trade and investment. This attitude I found out personally from the political leaders of England, France and Italy. The sincerity of these expressions could be depended upon. Unfortunately just as we were ready to carry out our policy and declare void the Nine Power Treaty with the approval of those whom I met on my trip, the Seiyukai cabinet suddenly fell and our policy failed of fruition. It was indeed a great pity. After I had secretly exchanged views with the Powers regarding the development of Manchuria and Mongolia, I returned by way of Shanghai. At the wharf there a Chinese attempted to take my life. An American woman was hurt, but I escaped by the divine protection of my emperors of the past. It seems that it was by divine will that I should assist Your Majesty to open a new era in the Far East and to develop the new continental empire.

The Three Eastern Provinces are politically the imperfect spot in the Far East. For the sake of self-protection as well as the protection of others, Japan cannot remove the difficulties in Eastern Asia unless she adopts a policy of "Blood and Iron." But in carrying out this policy we have to face the United States which has been turned against us by China's policy of fighting poison with poison. In the future, if we want to control China, we must first crush the United States just as in the past we had to fight in the Russo-Japanese War. But in order to conquer China we must first conquer Manchuria and Mongolia. In order to conquer the world, we must first conquer China. If we succeed in conquering China, the rest of the Asiatic countries and the South Sea countries will fear us and surrender to us. Then the world will realize that Eastern Asia is ours and will not dare violate our rights. This is the plan left to us by Emperor Meiji, the success of which is essential to

our national existence.

The Nine Power Treaty is entirely an expression of the spirit of commercial rivalry. It was the intention of England and America to crush our influence in China with their power of wealth. The proposed reduction of armaments is nothing but a means to limit our military strength, making it impossible for us to conquer the vast territory of China. On the other hand, China's resources of wealth will be entirely at their disposal. It is merely a scheme by which England and America may defeat our plans. And yet the Minseito made the Nine Power Treaty the important thing and emphasized our *trade* rather than our *rights* in China. This is a mistaken policy—a policy of national suicide. England can afford to talk about trade relations only because she has India and Australia to supply her with foodstuff and other materials. So can America because South America and Canada are there to supply her needs. Their spare energy could be entirely devoted to developing trade in China to enrich themselves. But in Japan her food supply and raw materials decrease in proportion to her population. If we merely hope to develop trade, we shall eventually be defeated by England and America, who possess unsurpassable capitalistic power. In the end, we shall get nothing. A more dangerous factor is the fact that the people of China might some day wake up. Even during these years of internal strife, they can still toil patiently, and try to imitate and displace our goods so as to impair the development of our trade. When we remember that the Chinese are our sole customers, we must beware lest one day when China becomes unified and her industries become prosperous. Americans and Europeans will compete with us; our trade in China will be wrecked. Minseito's proposal to uphold the Nine Power Treaty and to adopt the policy of trade towards Manchuria is nothing less than a suicidal policy.

After studying the present conditions and possibilities of our country, our best policy lies in the direction of taking positive steps to secure rights and privileges in Manchuria and Mongolia. These will enable us to develop our trade. This will not only forestall China's own industrial development, but also prevent the penetration of European Powers. This is the best policy possible!

The way to gain actual rights in Manchuria and Mongolia is to use this region as a base and under the pretense of trade and commerce penetrate the rest of China. Armed by the rights already secured we shall seize the resources all over the country. Having China's entire resources at our disposal we shall proceed to conquer India, the Archipelago Asia Minor, Central Asia, and even Europe. But to get control of Manchuria and Mongolia is the first step if the Yamato race wishes to distinguish themselves on Continental Asia. Final success belongs to the

country having food-supply; industrial prosperity belongs to the country having raw materials; the full growth of national strength belongs to the country having extensive territory. If we pursue a positive policy to enlarge our rights in Manchuria and China, all these prerequisites of a powerful nation will constitute no problem. Furthermore our surplus population of 700,000 each year will also be taken care of. If we want to inaugurate a new policy and secure the permanent prosperity of our empire, a positive policy towards Manchuria and Mongolia is the only way.

Manchuria and Mongolia—Not Chinese Territory

Historically considered, Manchuria and Mongolia are neither China's territory nor her special possessions. Dr. Yano has made an extensive study of Chinese history and has come to the positive conclusion that Manchuria and Mongolia never were Chinese territory. This fact was announced to the world on the authority of the Imperial University. The accuracy of Dr. Yano's investigations is such that no scholars in China have contested his statement. However, the most unfortunate thing is that in our declaration of war with Russia, our government openly recognized China's sovereignty over these regions and later again at the Washington conference when we signed the Nine Power Treaty. Because of these two miscalculations (on our part) China's sovereignty in Manchuria and Mongolia is established in diplomatic relations, but our interests are seriously injured. In the past, although China speaks of the Republic of five races, yet Thibet, Sinkiang, Mongolia and Manchuria have always remained special areas and the princes are permitted to discharge their customary functions. Therefore in reality the sovereign power over these regions resides with the princes. When the opportunity presents itself, we should make known to the world the actual situation there. We should also wedge our way into Outer and Inner Mongolia in order that we may reform the mainland. So long as the princes there maintain their former administration, the sovereign rights are clearly in their hands. If we want to enter these territories, we may regard them as the ruling power and negotiate with them for rights and privileges. We shall be afforded excellent opportunities and our national influence will increase rapidly.

Positive Policy in Manchuria

As to the rights in Manchuria, we should take forceful steps on the basis of the Twenty-One Demands and secure the following in order to

safe-guard the enjoyment of the rights which we have acquired so far:—

1. After the thirty-year commercial lease terminates, we should be able to extend the term at our wish. Also the right of leasing land for commercial, industrial and agricultural purposes should be recognized.
2. Japanese subjects shall have the right to travel and reside in the eastern part of Mongolia, and engage in commercial and industrial activities. As to their movements, China shall allow them freedom from Chinese law. Furthermore, they must not be subject to illegal taxation and unlawful examination.
3. We must have the right of exploiting the nineteen iron and coal mines in Fengtien and Kirin, as well as the right of timbering.
4. We should have priority for building railroads and option for loans for such purposes in South Manchuria and Eastern Mongolia.
5. The number of Japanese political, financial and military advisers and training officers must be increased. Furthermore, we must have priority in furnishing new advisers.
6. The right of stationing our Police over the Koreans (in China).
7. The administration and development of the Kirin-Changchun Railway must be extended to 99 years.
8. Exclusive right of sale of special products—priority of shipping business to Europe and America.
9. Exclusive rights of mining in Heilungkiang.
10. Right to construct Kirin-Hueining and Changchun-Talai Railways.
11. In case money is needed for the redemption of the Chinese Eastern Railway, the Japanese Government must have the first option for making loans to China.
12. Harbour rights at Antung and Yinkou and the right of through transportation.
13. The right of partnership in establishing a Central Bank of the Three Eastern Provinces.
14. Right of Pasturage.

Positive Policy Towards Inner and Outer Mongolia

Since Manchuria and Mongolia are still in the hands of the former princes, in the future we must recognize them as the ruling power and give them support. For this reason, the daughter of General Fukushima,

Governor of Kwantung, risked her life among the barbarous Mongolian people of Tushiyeh to become adviser to their Prince in order that she might serve the Imperial Government. As the wife of the Prince Ruler is the niece of Manchu Prince Su, the relationship between our Government and the Mongolian Prince became very intimate. The princes of Outer and Inner Mongolia have all shown sincere respect for us, especially after we allured them with special benefits and protection. Now there are 19 Japanese retired military officers in the house of the Tushiyeh. We have acquired already monopoly rights for the purchase of wool, for real estate and for mines. Hereafter we shall send secretly more retired officers to live among them. They should wear Chinese clothes in order to escape the attention of the Mukden Government. Scattered in the territory of the Prince, they may engage themselves in farming, herding or dealing in wool. As to the other principalities, we can employ the same method as in Tushiyeh. Everywhere we should station our retired military officers to dominate in the Princes' affairs. After a large number of our people have moved into Outer and Inner Mongolia, we shall then buy lands at one-tenth of their worth and begin to cultivate rice where feasible in order to relieve our shortage of food-supply. Where the land is not suitable for rice cultivation, we should develop it for cattle raising and horse breeding in order to replenish our military needs. The rest of the land could be devoted to the manufacture of canned goods which we may export to Europe and America. The fur and leather will also meet our needs. Once the opportunity comes, Outer and Inner Mongolia will be ours outright. While the sovereign rights, are not clearly defined and while the Chinese and the Soviet Governments are engaging their attention elsewhere, it is our opportunity quietly to build our influence. Once we have purchased most of the land there, there will be no room for dispute as to whether Mongolia belongs to the Japanese or the Mongolians. Aided by our military prowess, we shall realize our positive policy. In order to carry out this plan, we should appropriate Yen 1,000,000 from the "secret funds" of the Army Department's budget so that four hundred retired officers disguised as teachers and Chinese citizens may be sent into Outer and Inner Mongolia to mix with the people, to gain the confidence of the Mongolian princes, to acquire from them rights for pasturage and mining and to lay the foundation of our national interest for the next hundred years.

Encouragement and Protection of Korean Immigration

Since the annexation of Korea, we have had very little trouble. But President Wilson's declaration of the self-determination of races after

the European War has been like a divine revelation to the suppressed peoples. The Koreans are no exception. The spirit of unrest has permeated the whole country. Both because of the freedom they enjoy in Manchuria due to incompetent police system and because of the richness of the country, there are now in the Three Eastern Provinces no less than 1,000,000 Koreans. The unlooked-for development is fortunate for our country indeed. From a military and economic standpoint, it has greatly strengthened our influence. From another standpoint, it gives new hope for the administration of Koreans. They will both be the vanguard for the colonization of virgin fields and furnish a link of contact with the Chinese people. On the one hand, we could utilize the naturalized Koreans [*sic*] to purchase land for rice cultivation, on the other we could extend to them financial aid through the Co-operative Society, the South Manchuria Railway, etc., so that they may serve as the spearhead of our economic penetration. This will give relief to our problem of food supply, as well as open a new field of opportunity for colonization. The Koreans who have become naturalized Chinese are Chinese only in name; they will return to our fold eventually. They are different from those naturalized Japanese in California and South America. They are naturalized as Chinese only for temporary convenience. When their numbers reach two million and a half or more, they can be instigated to military activities whenever there is the necessity, and under the pretence of suppressing the Koreans we could bear them aid. As not all the Koreans are naturalized Chinese, the world will not be able to tell whether it is the Chinese Koreans or the Japanese Koreans who create the trouble. We can always sell dog's meat with a sheep's head as sign-board.

Of course while we could use the Koreans for such purposes, we must beware of the fact that the Chinese could also use them against us. But Manchuria is as much under our jurisdiction as under Chinese jurisdiction. If the Chinese should use Koreans to hamper us, then our opportunity of war against China is at hand. In that event, the most formidable factor is Soviet Russia. If the Chinese should use the "Reds" to influence the Koreans, the thought of our people will change and great peril will befall us. Therefore, the present Cabinet is taking every precaution against this eventuality. If we want to make use of the Koreans to develop our new continental empire, our protection and regulations for them must be more carefully worked out. We should increase our police force in North Manchuria under the terms of the Mitsuya Treaty so that we may protect the Koreans and give them help in their rapid advance. Furthermore, the Eastern [Oriental] Development Company (Totuku Kaisha) and the South Manchuria Railway Company

should follow then to give them financial aid. They should be given especially favourable terms so that through them we may develop Manchuria and Mongolia and monopolize the commercial rights. The influx of Koreans into these territories is of such obvious importance both for economic and military considerations that the Imperial Government cannot afford not to give it encouragement. It will mean new opportunities for our empire. Since the effect of the Lansing-Ishii Agreement is lost after the Washington Conference, we can only recover our interests through the favourable development arising out of the presence of several millions of Koreans in Manchuria. There is no ground in international relations for raising any objection to this procedure.

Railroads and Development of our New Continent

Transportation is the mother of national defense, the assurance of victory and the citadel of economic development. China has only 7,200 to 7,300 miles of railroads, of which three thousand miles are in Manchuria and Mongolia constituting two-fifths of the whole. Considering the size of Manchuria and Mongolia and the abundance of natural products, there should be at least five or six thousand miles more. It is a pity that our railroads are mostly in South Manchuria, which cannot reach the sources of wealth in the northern parts. Moreover, there are too many Chinese inhabitants in South Manchuria to be wholesome for our military and economic plans. If we wish to develop the natural resources and strengthen our national defense, we must build railroads in Northern Manchuria. With the opening of these railroads we shall be able to send more people (Japanese) into Northern Manchuria. From this vantage ground we can manipulate political and economic developments in South Manchuria, as well as strengthen our national defense in the interest of peace and order of the Far East. Furthermore, the South Manchuria was built mainly for economic purposes. It lacks encircling lines necessary for military mobilization and transportation. From now on we must take military purposes as our object and build circuit lines to circle the heart of Manchuria and Mongolia in order that we may hamper China's military, political and economic developments there on the one hand, and prevent the penetration of Russian influence on the other. This is the key to our continental policy.

There are two trunk lines in Manchuria and Mongolia. These are the Chinese Eastern Railway and the South Manchuria Railway. As regards the railroad built by Chinese, it will doubtless become very powerful in time, backed by the financial resources of the Kirin Provincial Government. With the combined resources of Fengtien and Heilung-

kiang Provinces, the Chinese railroads will develop to an extent far superior to our South Manchuria Railway. Strong competition will inevitably result. Fortunately for us, the financial conditions in Fengtien Province are in great disorder, which the authorities cannot improve unless we come to their succor. This is our chance. We should take positive steps until we have reached our goal in railroad development. Moreover, if we manipulate the situation, the Fengtien bank-notes will depreciate to an inconceivable degree. In that event, the bankruptcy of Fengtien will be a matter of time. The development of Manchuria and Mongolia will be out of the question for them. But we still have to reckon with the Chinese Eastern Railway. It forms a T with the South Manchuria Railway. Although this system is a convenient shape, it is by no means suitable for military purposes. When the Chinese build railroads as feeders of the Chinese Eastern Railway, it is best that they run parallel to it, west and east. But with the South Manchuria Railway as main line, we must have these lines run north and south. For the benefit of the Chinese themselves, there are also advantages for these lines to run in this direction. Consequently our interest does not necessarily conflict with the Chinese. Now that Russia is losing influence and is powerless to advance in Manchuria and Mongolia, it is certain that the Chinese must act according to our reckoning in the development of railways in the future. Much to our surprise the Fengtien Government recently built two railroads, one from Tahushan to Tungliao and the other from Kirin to Hailung both for military purposes. Those two railroads affect most seriously our military plans in Manchuria and Mongolia as well as the interest of the South Manchuria Railway. We therefore protested strongly against it.

That these railways were built was due to the fact that our official on the spot as well as the South Manchuria Railway authorities miscalculated the ability of the Fengtien Government and paid no attention to it. Later when we did intervene, the railways were already completed. Besides, the Americans have been anxious to make an investment in developing the port of Hu-lu-tao through British capitalists. Taking advantage of this situation, the Fengtien Government introduced American and British capital in these railways in order to hold our interest at bay. For the time being we have to wink at it and wait for the opportune moment to deal with China about these two railroads.

Recently, it is rumoured that the Fengtien Government is planning to build a railroad from Tahushan to Harbin via Tung Liao and Fu Yu so that there may be a direct line between Peking and Harbin without touching either the South Manchuria Railway or the Chinese Eastern Railway. What is more astonishing is that another railway beginning at Mukden passing through Hailung, Kirin, Wuchang terminating at

Harbin is also under way. If this plan becomes true, then these two lines would encircle the South Manchuria Railway and limit its sphere of activity to a small area. The result is that our economic and political development in Manchuria and Mongolia will be checked and the plan for curtailing our power provided by the Nine Power Treaty will be carried out. Moreover, the completion of these two railroads will render the South Manchuria Railway completely useless. The latter Company will be confronted with a real crisis. But in view of China's financial conditions today, she cannot undertake these two railroads unless she resorts to foreign loans. And on these two railways the transportation charges will have to be higher than on the South Manchuria Railway. These considerations give us some comfort. But in the event of these two railroads becoming an accomplished fact and the Chinese Government making especially low freight charges in order to compete with the South Manchuria Railway, not only we but the Chinese Eastern Railway will also sustain great losses. Japan and Russia certainly would not allow China to carry out such obstructive measures, especially as the Chinese Eastern Railway depends upon Tsitsihar and Harbin for the bulk of its business. The consequence would be even more serious to both Japanese and Russian interests when the new railways are completed.

Let us now consider more in detail the competitive railways projected in Manchuria and Mongolia.

China contemplates:

1. Suolun-Taonan Railway.
2. Kirin-Harbin Railway.

Soviet Russia proposes:

1. Anta-Potung Railway.
2. Mienpo-Wuchang-Potung Railway.
3. Kirin-Hailin Railway.
4. Mishan-Muling Railway.

The Russian plans are designed to strengthen the Chinese Eastern Railway and thereby to extend its imperialistic schemes. For this reason the railways projected mostly run east and west. For although the power of Soviet Russia is declining, her ambition in Manchuria and Mongolia has not diminished for a minute. Every step she takes is intended to obstruct our progress and to injure the South Manchuria Railway. We must do our utmost to guard against her influence. We should use the Fengtien Government as a wedge to check her southern advance. By pretending to check the southern advance of Soviet Russia as a first step, we could gradually force our way into North Manchuria and exploit the natural resources there. We shall then be able to prevent the spread of Chinese influence on the south and arrest the advance of Soviet Russia on the north. In our struggle against the political and

economic influence of Soviet Russia, we should drive China before us and direct the events from behind. Meanwhile, we should still secretly befriend Russia in order to hamper the growth of Chinese influence. It was largely with this purpose in view, that Baron Goto of Kato's cabinet invited Joffe to our country and advocated the resumption of diplomatic relations with Russia.

Although we have an agreement with the Chinese Eastern Railway concerning transportation rates, according to which 45% go to the Chinese Eastern Railway and 55% to us, yet the Chinese Eastern Railway still grants preferential rates detrimental to the interest of the South Manchuria Railway. Moreover, according to a secret declaration of Soviet Russia, although they have no territorial ambition they cannot help keeping a hand in the Chinese Eastern Railway on account of the fact that north of the Chinese and Russian boundary the severe cold makes a railway valueless. Furthermore, as Vladivostok is their only sea-port in the Far East, they cannot give up the Chinese Eastern Railway without losing also their foothold on the Pacific. This makes us feel the more uneasy.

On the other hand the South Manchuria Railway is not adequate for our purpose. Considering our present needs and future activities, we must control railways in both north and south Manchuria, especially in view of the fact that the resources of North Manchuria and Eastern Mongolia will furnish no room for expansion and material gains. In South Manchuria the Chinese is increasing at such a rate that it surely will damage our interests politically and economically. Under such circumstances, we are compelled to take aggressive steps in North Manchuria in order to assure our future prosperity. But if the Chinese Eastern Railway of Soviet Russia should spread across this field our new continental policy is bound to receive a set-back which will result in an inevitable conflict with Soviet Russia in the near future. In that event we shall enact once more our part in the Russo-Japanese War. The Chinese Eastern Railway will become ours as the South Manchuria Railway did last time, and we shall seize Kirin as we once did Dairen. That we should draw swords with Russia again in the fields of Mongolia in order to gain the wealth of North Manchuria seems a necessary step in our program of national aggrandisement. Until this hidden rock is blown up our ship can have no smooth sailing. We should now demand from China the right of building all the important military railroads. When these railroads are completed, we shall pour our forces into North Manchuria as far as we can. When Soviet Russia intervenes, as they must, that is our opportunity for open conflict.

We should insist on the building of the following railways:

1. *Tungliao-Jehol Railway.* This line is 447 miles long and will cost

Yen 50,000,000. When it is completed it will be of great value to our development of Inner Manchuria. As a matter of fact, this is the most important of all the railways in the whole undertaking. According to the careful surveys of the War Department, there are in Inner Mongolia large tracts of land suitable for rice cultivation. After proper development there will be room for at least 20 millions of our people. There is besides the possibility of turning out 2,000,000 head of cattle which may be transported by railways for food supply and for purposes of exporting to Europe and America. Wool also is a special product. While the sheep in Japan yield only two catties of wool per head per year, the sheep in Mongolia can yield six catties. The South Manchuria Railway has made many experiments, all of which confirm this fact. Besides, the wool is many times better than that of Australia. Its low cost and high quality combined with its abundance in quantity make Mongolia a potential source of great wealth. When this industry is enhanced by the facilities of railway development, the total production will increase at least ten-fold. We have withheld this knowledge from the rest of the world, lest England and America compete with us for it. Therefore, we must first of all control the transportation and then develop the wool industry. By the time the other countries know about it, it would be already too late to do anything. With this railroad in our hands, we can develop the wool industry not only for our own use, but also for exporting to Europe and America. Furthermore, we can realize our desire of joining hands with Mongolia. This railway is a matter of life and death to our policy in Mongolia. Without it, Japan can have no part in Mongolia's development.

2. *Suolon-Taonan Railway.* This line is 136 miles long and will cost Yen 10,000,000. Looking into the future of Japan, a war with Russia over the plains of North Manchuria is inevitable. From a military standpoint, this line will not only enable us to threaten Russia's rear but also to curtail its re-inforcement for North Manchuria. From an economic standpoint, this road will place the wealth of the Tao-er-ho Valley within our reach, thereby strengthening the South Manchuria Railway. The princes nearby who are friendly to us can also use this road to extend our influence in order to open up their respective territories. Our hope of working hand in hand with the Mongolian princes, of acquiring land, mines and pasturage, and of developing trade with the natives as preliminary steps for later penetration, all depends upon this railway. Together with Tungliao-Jehol Railway, they will form two supplementary routes into Mongolia. When the industries are fully developed, we shall extend our interests into Outer Mongolia. But the danger of this line is that it might provide facilities for Chinese migration into a new region and spoil our own policy. Look at our experience with the South Man-

churia Railway. Hasn't that served the interest of China? The redeeming feature, however, is the fact that the land and mines along this railway are in the possession of Mongolian princes. If we can gain possession of them first, we need have no worries about Chinese migration. Moreover, we can make the princes pass laws discriminating against Chinese immigrants. When life there is made miserable for the Chinese, they naturally will leave for places afar. There are other methods to bar the Chinese. Only if we try hard enough, no Chinese footprints will be found on Mongolian territory.

3. *A Section of Changchun-Taonan Railway.* As this line runs from Changchun to Fuyu and Talai, the section between Changchun and Taonan is about 131 miles and costs approximately Yen 11,000,000. This line is immensely important from an economic standpoint, for the wealth of Manchuria and Mongolia lies all in North Manchuria. It will enable us to have an easy access to North Manchuria on the one hand, and prejudice the Chinese Eastern Railway to the benefit of the South Manchuria Railway on the other. It runs through the upper valley of the Sungari River where the soil is fertile and agricultural products abound. Further, in the vicinity of Talai there is the Yueh-Liang Falls which could be harnessed for electric power. That this section of the railway will be a prosperous center of industry and agriculture, is beyond doubt. After the completion of this line, we shall be able to make Talai a base and advance on Siberia through three directions; namely, by way of Taonan, Anshan and Tsitsihar. The wealth of North Manchuria will then come to our hands. This will also be the first line of advance to Heilungkiang. It will further form a circuit with the railway between Changchun and Taonan, which will serve well for military purposes when we penetrate into Mongolia. Along this whole line the population is sparse and the land is rich and extensive. No fertilizer will be required on the farms for fifty years. A possession of this railway will ensure the possession of all the wealth of North Manchuria and Mongolia. In this region there is room for at least 30 million people more. When the Tunhua Railway is completed and joins up with the line running to Hueining in Korea, the products will be brought to the door of Osaka and Tokyo by a direct route. In time of war our troops could be despatched to North Manchuria and Mongolia via the Japan Sea without a stop, forestalling all possibilities of Chinese forces entering North Manchuria. Nor could American or Russian submarines enter the Korean Strait. The moment the railways between Kirin and Hueining and between Changchun and Talai are completed, we shall become self-sufficient in food-stuff and raw materials. We shall have no worries in the event of war with any country. Then, in our negotiations about Manchuria and Mongolia, China will be cowed to submission and yield to our wishes.

If we want to end the political existence of Manchuria and Mongolia according to the third step of Meiji's plan, the completion of these two railways is the only way. The Changchun-Talai Railway will greatly enhance the value of the South Manchuria Railway, besides developing into a profitable line itself. It is an undertaking of supreme importance in our penetration into this territory.

4. *Kirin-Hueining Line.* While the Kirin-Tunhua Line is already completed, the Tunhua-Hueining Line is yet to be built. The narrow gauge of 2 ft. 6 inches of the tracks from Hueining to Laotoukow is inadequate for the economic development of the New Continent. Allowing Yen 8,000,000 for widening the tracks in this section and Yen 10,000,000 for completing the section between Laotoukow and Tunhua, the whole undertaking will cost approximately Yen 20,000,000. When this is done, our continental policy will have succeeded. Hitherto, people going to Europe have to pass through either Dairen or Vladivostok. Now they can go on the trunk line directly from Chingchinkang via the Siberian Railway. When we are in control of this great system of transportation, we need make no secret of our designs on Manchuria and Mongolia according to the third step of Meiji's plans. The Yamato Race is then embarked on the journey of world conquest! According to the last will of Meiji, our first step was to conquer Formosa and the second step to annex Korea. Having completed both of these, the third step is yet to be taken and that is the conquest of Manchuria, Mongolia and China. When this is done, the rest of Asia including the South Sea Islands will be at our feet. That these injunctions have not been carried out even now, is a crime of your humble servants.

In history the people living in Kirin, Fengtien and part of Heilungkiang, are called Sushan. They are now scattered along the sea coast and in the basins of the Amur and Tumen rivers. They were known as Kulai, Sushan, Hueibei, Palou, Wotsu, Fuyu, Kitan, Pohai and Nuchen at different stages of history. They were of a mixed race. The forefathers of the Manchurian dynasty also began in this vicinity. They gained control of Kirin, first, and then firmly established themselves in China for 300 years. If we want to put into effect our Continental Policy, we have to note this historical fact and proceed to establish ourselves in this region first also. Hence the necessity of the Kirin-Hueining Railway.

Whether the terminus of Kirin-Hueining Line be at Chingchin or Lochin or even Hsiungchi, we are free to decide according to circumstances. From the standpoint of national defence at present, Lochin seems the ideal harbour and terminus. Eventually it will be the best harbour in the world. On the one hand it will ruin Vladivostok, and on the other will be the center of the wealth of Manchuria and Mongolia.

Moreover, Dairen is as yet not our own territory. While Manchuria is yet not a part of our empire, it is difficult to develop Dairen. That being the case, we shall be in a precarious situation in time of war. The enemy could blockade the Tsushima and Senchima Straits, and we will be cut off from the supplies of Manchuria and Mongolia. Not having the resources there at our command we will be vanquished, especially as England and the United States have worked hand in hand to limit our action in every possible direction. For the sake of self-preservation and of giving warning to China and the rest of the world, we must fight America some time. The American Asiatic Squadron stationed in the Philippines is but within a stone's throw from Tsushima and Senchima. If they send submarines to these quarters, our supply of food-stuff and raw materials from Manchuria and Mongolia will be cut off entirely. But if the Kirin-Hueining Railway is completed, we shall have a large circuit line through all Manchuria and Korea, and a small circuit line through North Manchuria. We shall have access in all direction gaining freedom for the transportation of soldiers and supplies alike. When our supplies are transported through this line to our ports at Tsuruga and Niigata, enemy submarines will have no way of getting into the Japanese and Korean straits. We are then entirely free from interference. This is what is meant by making the Japanese Sea the center of our national defence. Having secured the free transportation of food and raw materials, we shall have nothing to fear either from the American navy because of its size, or the Chinese or Russian army because of their number. Incidentally, we shall be in a position to suppress the Koreans. Let me reiterate the fact that if we want to carry out the New Continental Policy, we must build this line. Manchuria and Mongolia are the undeveloped countries in the East. Over this territory we shall have to go to war with Soviet Russia sooner or later. The battle ground will be Kirin.

When we carry out the third step of Meiji's plans with regard to China, we shall have to do the following things:—

1. Mobilize the army divisions in Fukuoka and Hiroshima, and send them to South Manchuria via Korea. This will prevent the northern advance of Chinese soldiers.
2. Send the army divisions in Nagoya and Kwansei by sea to Chingchin, and thence to North Manchuria via the Kirin-Hueining Line.
3. Send the army divisions in Kwantung through Niigata to Chingchin or Lochin, and thence by Kirin-Hueining Line to North Manchuria.
4. Send the army divisions in Hokkaido and Sendai to embark the ship at Aomori and Hakodato, and sail for Vladivostok and thence,

via the Siberian Railway, to Harbin. Then they can descend on Fengtien, seize Mongolia and prevent Russian forces from coming south.

5. Finally these divisions in all directions will meet and form themselves in two large armies. On the south, they will keep Shanhaikuan and close it against the northern advance of Chinese forces; on the north, they will defend Tsitsihar against the southern advance of the Russians. In this way we shall have all the resources of Manchuria and Mongolia at our command. Even if the war should be prolonged for ten years, we need have no fear for the lack of supplies.

Let us now analyze once more the Kirin-Hueining Railway from the standpoint of its access from our ports.

First with Chingchin as starting point:

1.	To Vladivostok	130 miles
2.	To Tsuruga	475 miles
3.	To Moji	500 miles
4.	To Nagasaki	650 miles
5.	To Fusan	500 miles

Second take Tsuruga as the port of entry and compare it with Dairen. In this case we should consider it from the point of view of Osaka as industrial center.

1. From Changchun to Osaka via Lochin, the distance is 406 miles by land and 475 miles by sea. In point of time the route will take 51 hours.
2. From Changchun to Osaka via Dairen and Kobe, the distance is 535 miles by land and 870 miles by sea. In point of time it takes 92 hours.

If Tsuruga instead of Dairen is made the connecting link, there is a saving of 41 hours. Calculated at the rate of 30 miles an hour on land and 12 miles an hour by sea, we can use fast boats and trains and cut the time in half.

Manchuria and Mongolia are the Belgium of the Far East. In the Great War, Belgium was the battlefield. In our wars with Russia and the United States, we must also make Manchuria and Mongolia suffer the ravages. As it is evident that we have to violate the neutrality of these territories, we cannot help building the Kirin-Hueining and Changchun-Talai Railways in order that we may be militarily prepared. In time of war we can easily increase our forces and in time of peace we can migrate thousands upon thousands of people into this region and work on the rice fields. This line offers the key to economic development as well as to military conquests.

In undertaking the Kirin-Hueining Railway, it is necessary to take

advantage of the dry season and finish it at one stretch. The mountains it must go through are all granite. The tunneling would need modern and up-to-date machine. As to the sleepers and ballast required, there is an abundance all along the line. Limestone and clay for making tiles and brick are also to be had for the taking. Only rails, cars and locomotives have to be brought in. The cost of construction could therefore be reduced at least thirty per cent and the time required forty per cent.

Now, let us look into the economic interests along this line. According to the careful investigations of our General Staff and the South Manchuria Railway, the total reserve of timber is 200,000,000 tons. If one million ton is fallen and imported to our country each year, it will last two hundred years. This will stop the import of American timber which has been costing us Yen 80,000,000 to Yen 100,000,000 a year. Although our information is reliable we cannot make it known to the world; for if China or Russia learns that we get so much timber from America, they would try to interfere with the construction of this line. Or else, the United States may buy from the Fengtien Government all the timber rights on the one hand to protect their own trade with us; on the other, to control the monopoly and incidentally kill our paper industry.

Kirin was known as the "ocean of trees" even in the days of Emperor Chien-Lung. Added to the original forest are the growths in the intervening years since that time. Imagine the vastness of the resources! To transport this timber from Kirin to Osaka via Changchun and Dairen, there is a distance of 1,385 miles. For every cubic foot, we have to spend 34 cents. Because of this high cost of transportation, we cannot compete with the United States. If the Kirin-Hueining Line is completed, the distance is reduced to about 700 miles. We can then ship timber to Osaka at the low rate of 13 cents per cubic foot. We can certainly defeat the timber from the United States then. Supposing we calculate the profit at Yen 5.00 per ton of timber and supposing there are two billion tons of timber, the construction of the railway will bring to us the easy profit of 10 billion yen. Besides, we will bar the import of American timber into our country. Furthermore, the industry of furniture making, paper manufacture and other usages which the cheap timber makes possible will add 20 million yen more to our country's annual income.

There is also the Hsin Chin coal mine, which has a reserve of 600,000,000 tons of coal. The quality of this coal is superior to that of Fushun coal, easy to excavate and suitable for the extraction of petroleum, agricultural fertilizers and other chemical by-products which we may both use at home and sell in China. There are numerous other

advantages which will come to us from the building of the Kirin-Hueining Railway. It is gain without labour. The coal will supplement the Fushun collieries. With both coal mines in our control, we hold the key to the industries of all China. Speaking of the Hsin Chin coal, we shall reap profit of Yen 5.00 on each ton when it is shipped to Japan. With additional chemical by-products, we shall reap a profit of Yen 16.00 from each ton of coal. Taking an average profit of Yen 15.00 a ton, the total profit will amount to 200 billion yen. All this comes as a by-product from the operation of the Kirin-Hueining Railway. There are, besides, the gold mines along the Mutan River. The acquired rights of the South Manchuria Railway in the gold mines of Chia-Pi-kou in the province of Kirin and the timber in its neighbourhood will all be within reach of exploitation once the Kirin-Hueining line is in operation.

In the vicinity of Tunhua the agricultural products such as oats, wheat, millet and kaoliang, yield an annual output of over ■ million catties. There are twenty distilleries of wines, thirty oil mills yielding an annual output of about 600,000 catties of [bean] oil and 600,000 of bean cakes, besides many places for making vermicelli. All these will depend upon the new railway. The trade along this road may be estimated at 4 million yen a year. The transportation charges of farm products alone will not only defray the running expenses, but also yield a net profit of Yen 200,000 a year. Including the profit from timber, coal and its by-products transported by the railway, we can safely count on a profit of Yen 8,000,000 a year. Besides, there are indirect benefits such as the strengthening of the South Manchuria Railway, the acquisition of rights over forests, mines and trade as well as the migration of large numbers of our people into North Manchuria. Above all, is the shortening of distance between Japan and the resources of wealth in North Manchuria. It only takes three hours from Chingchin to Hueining, three hours from Hueining to Sanfeng and three hours more from Tumen river to Lung-Ching-Tsun. In 60 hours we can reach the wealth of North Manchuria. Hence the Kirin-Hueining Railroad alone can enable us to tap the immense wealth of North Manchuria.

5. *Hunchun-Hailin Railway.* This is 173 miles long and costs Yen 24,000.000. All along this line are thick forests. In order to strengthen the Kirin-Hueining Railway and to exploit the forests and mines in North Manchuria, this line is needed. In order to transfer the prosperity of Vladivostok to Hueining, this line is also urgently needed. The greatest hope for prosperity, however, is the fact that south of Naining and north of Tunhua there is Lake Ching Po which can be used to generate electric power. With this electric power, we shall have control over the agricultural and industrial undertakings of the whole of Manchuria and Mongolia. No amount of China's agitation can matter in the least to

our industrial developments. According to the investigations of the South Manchuria Railway, the water power in the lake can generate at least 800,000 horse-power. With such an enormous quantity of electric power, the industrial conquest of Manchuria and Mongolia can be easily accomplished. In the neighborhood of this immense power plant, there will be phenomenal growth of wealth. We must build this railway quickly, in order to provide facilities for transportation. Lake Hsing Kai, which is owned jointly by China and Russia, can also be developed for the generation of electricity. In order that these two countries may not combine to frustrate our plans, we should introduce a resolution in the International Conference of Electrical Engineering to be held in Tokyo this year, to the effect that in the same area of electricity supply there should not be two power plants. Besides, in the vicinity of Niigata and Hailin, the Oju Paper Mill has acquired extensive rights of lumbering. They need the immediate establishment of the power plant at Lake Ching Po and the early completion of the Hunchun-Hailin Railway in order to bring to the factory at home the raw materials growing wild in Mongolia.

Moreover, the reason that the Fengtien authorities intend to build the Kirin-Wuchang Railway and the Kirin-Mukden Railway, with Hulutao or Tientsin as sea-port, is that they want to recover to themselves the wealth of North Manchuria. By building the Hunchun-Hailin Railway we shall not only strengthen the Kirin-Hueining Railway, but also defeat the Chinese scheme and draw the wealth of Manchuria to Chingchin harbour. The transportation charges will be two-thirds less compared with the Chinese line and one-third less compared with the Siberian line. They cannot compete with us. Our victory is a foregone conclusion.

The total trade in Manchuria is seven or eight billion yen a year, all of which is in our hands. The business we do in wool, cotton, soybeans, bean cakes, and iron, forms one-twentieth of the total volume of world trade. And it is steadily increasing. But the Namihaya Machi at Dairen (the wealthiest street in the city) is still in Chinese possession. The sad story goes further. Oil [Bean oil] is a basic industry in Manchuria. We control only 6 per cent of it. Of the 38 oil mills in Yinkou, there is not one Japanese; of the 20 oil mills in Antung there is only one Japanese and of the 82 or 83 oil mills in Dairen there are only seven owned by Japanese. This is by no means an optimistic outlook for us. In order to recover the lost ground, we must first of all develop transportation. Then, by securing a monopoly on both finished products and raw materials, we shall be able to gain the upper-hand eventually. Furthermore we ought to assist our people in oil business by extending to them financial credit, so that the oil industry of the Chinese will be forced out of the market. There are many Chinese on Kawaguchi Machi in

Osaka who are dealers of our manufactured goods in Mongolia and Manchuria. They are strong competitors of our own business men in China. Our people are greatly handicapped because of their high standard of living which compels them to figure at a higher percentage of profit. On the other hand, the Chinese also have their disadvantages. The goods that they get are of an inferior quality, but the price that they pay is at least 10 per cent higher than what our own people pay. Besides, they are also obliged to pay Yen 2.70 more than our people for every ton of goods transported, and yet they can undersell our merchants in Manchuria. It clearly shows the inability of our own people. When one thinks of it, it is really pathetic. The Chinese is single-handed, receiving no assistance from the government. But the Japanese in Manchuria has every protection from the government and long term credit at a low rate of interest. Still there are innumerable cases of failures. Hereafter, we should organize a cooperative exporting house to China. The steamship lines and the South Manchuria Railway should give it special discounts, and the government in Kwantung should extend to it financial credit at a very low rate of interest. Then we can hope to beat the Chinese merchants and recover our trade rights, so that we may develop the special products of Manchuria and send them to all parts of the world.

The first step in gaining financial and commercial control of Manchuria and Mongolia lies in the monopoly sale of their products. We must have the rights of monopoly for the sale of Manchurian and Mongolian products before we can carry out our continental policy and prevent the invasion of American capital as well as the influence of the Chinese traders.

Although the products of Manchuria and Mongolia may go through any of the three ports, Dairen, Yinkou, and Antung, nevertheless Dairen holds the key to the situation. Every year 7,200 ships pass through this port with a total tonnage of 11,565,000 tons. This represents 70 per cent of the total trade of Manchuria and Mongolia. Fifteen navigation routes radiate out from it with definite sailing schedule. Most of it is coastal sailing. We have in our grasp the entire transportation system of Manchuria and Mongolia. The monopoly sale of Manchuria's special products will eventually come into our hands. When that comes true, we can develop our oceanic transportation in order to defeat both Yinkou and Antung. Then the large quantities of beans which the central and southern parts of China consume, will depend upon us entirely. Moreover, the Chinese are an oil eating people. In time of war, we can cut off their oil-supply and the life of the whole country will become miserable. Bean-cakes are important as fertilizers for the cultivation of rice. If we have control of the source of supply as well as the means of transportation, we shall be able to increase our production of rice

by means of a cheap supply of bean-cakes and the fertilizers manufactured as a by-product at the Fushun coal mines. In this way, we shall have the agricultural work of all China dependent upon us. In case of war, we can put an embargo on bean-cakes as well as the mineral fertilizers and forbid their exportation to Central and South China. Then China's production of foodstuff will be greatly reduced. This is one way of building up our continental empire which we must not overlook. We should remember that Europe and America also need large quantities of beans and bean-cakes. When we have monopoly of the supplies and full control of transportation, both on land and sea, the countries which have need of the special products of Manchuria and Mongolia, will have to seek our good-will. In order to gain trade monopoly in Manchuria and Mongolia, we must have control of the complete transportation system. Only then can we have the Chinese merchants under our thumb.

However, the Chinese are adept in learning our tricks and beating us at our own game. We have yet found no way by which we can compete successfully with them in oil-making and sail-boat transportation. After building up the new system of transportation our policy should be two-fold. On the one hand, wreck the sail-boat trade by means of heavy investment in our own system. On the other hand, encourage our men to learn all they can from the Chinese about sail-boat business. Another thing we should be careful about is teaching the Chinese our industrial methods. In the past we have established factories in Manchuria and Mongolia, and carried on industries near the source of raw materials. This gave to the Chinese the opportunity of learning our secrets and establishing competitive factories of their own. Hereafter, we should ship the raw materials back home and do the manufacturing there, and then ship the finished products for sale in China, and other countries. In this way we shall gain in three ways: (1) provide work for our unemployed at home, (2) prevent the influx of Chinese into Manchuria and Mongolia, and (3) make it impossible for the Chinese to imitate our new industrial methods. The iron of Penhsihu and Anshan and the coal of Fushun should also be sent home to be turned into finished products.

For all these considerations, the development of oceanic transportation becomes the more necessary. The Dairen Kisen Kaisha Company should be enlarged and our government should extend to it loans at low interest through the South Manchuria Railway Company. By next year, we should complete 50,000 tons of new ships for oceanic transportation. That will be sufficient to dominate over the traffic of the East. For, on the one hand, we have the South Manchuria Railway for land transportation; on the other hand, we control the large quantities of products in Manchuria

and Mongolia waiting to be transported. The success of this enlarged activities in oceanic transportation with Dairen as centre is assured by the iron laws of economics.

Gold Standard Currency Necessary

Although Manchuria and Mongolia are within our field of activities, yet the legal tender there is still silver. It often conflicts with our gold basis and works to our disadvantage. That our people have failed to prosper as they should in these places, is due to the existence of silver monetary system there. The Chinese have persistently upheld the silver basis, and therefore have made it impossible for us firmly to establish our colonization plans on a firm economic foundation. We have suffered from it the following disadvantages:

1. The money that we bring into Manchuria is of gold standard. When we use it either for daily livelihood or for industry and trade, it has to be exchanged into Chinese silver dollars. The fluctuation of exchange is not infrequent as much as 20 per cent, resulting in serious loss to our people. Speculation becomes a regular business and investing money becomes a matter of gambling. When one plans an investment of two hundred thousand yen, one may suddenly find that one's capital has been reduced to one hundred fifty or one hundred sixty thousand dollars due to the drop in exchange. The creditor would then have to call in the loan and business failures have often resulted.

2. The Chinese businessmen use silver money throughout and are free from the effects of exchange fluctuations. Therefore their "junk" trade is prosperous. Although they have no scientific knowledge of exchange value of gold and silver, they always gain in the transaction. They have a natural gift for it, we suffer the more. And we lose in spite of our control of transportation and special backing of banking houses. Because of the handicap of monetary system, people in Central and South China always buy beans and bean-cakes from their own people. We have no chance against them. In consequence, we cannot conquer the whole of China.

3. With the silver standard in existence, the Chinese Government can increase their notes to counteract our gold notes. Consequently, our banks will fail to carry out the mission of extending our country's influence.

4. If the gold standard is adopted, we can issue gold notes freely. With the credit of the gold notes, we can acquire rights in real property and natural resources and defeat the credit of the Chinese silver notes. The Chinese will be unable to compete with us; and the currency of the whole of Manchuria and Mongolia will be in our control.

5. The Government Bank of the Three Eastern Provinces, the Bank of Communications, the Frontier Development Bank and the General Credit & Finance Corporation have in circulation silver notes amounting to 38,000,000 dollars. Their reserve funds in the form of buildings and goods are estimated at 1,350,000 dollars. It is natural that the Chinese notes should depreciate. It is only by acts of the Government that these notes are still in circulation. Until we have entirely discredited the Chinese silver notes, we will never place our gold notes in their proper place in Manchuria and Mongolia, much less obtain the monopoly in currency and finance of these two countries. With the depreciated and inconvertible silver notes, the Government of the Three Eastern Provinces buys all kinds of products, thus threatening our vested interests. When they sell these products, they demand gold from us which they keep for the purpose of wrecking our financial interests including our trade rights in special products. For these reason, our gold notes are having a harder time and a gold standard for currency becomes the more urgently necessary.

In view of the above-mentioned considerations, we must overthrow Manchuria's inconvertible silver notes and divest the Government of its purchasing power. Then we can extend the use of our gold notes in the hope of dominating the economic and financial activities of Manchuria and Mongolia. Furthermore, we can compel the authorities of the Three Eastern Provinces to employ Japanese financial advisers to help us gain supremacy in financial matters. When the Chinese notes are overthrown, our gold notes will take their place.

Encourage Investment From A Third Power

It has been our traditional policy to exclude from Manchuria and Mongolia investments of a third Power. But since the Nine Power Treaty is based on the principle of equal opportunity for all, the underlying principle of the International Consortium which regards Manchuria and Mongolia as outside its sphere becomes anachronistic. We are constantly under the watchful eyes of the Powers, and every step that we take arouses suspicion. That being the case, we better invite foreign investments in such enterprise as the development of electric power or the manufacture of alkali. By using American and European capital, we can further our plans for the development of Manchuria and Mongolia. By so doing, we shall allay international suspicion and clear the way for larger plans on the one hand and induce the Powers to recognize the fact of our special position in that country on the other. We should welcome any power wishing to make investment, but we must

not allow China to deal with the leading countries at her will. As we are anxious that the Powers recognize the fact of our special position in Manchuria and Mongolia in political as well as economical affairs, we are obliged to intervene and share all responsibilities with her. To make this a customary practice in diplomatic dealings, is another important policy for us.

The Necessity of Changing the Organization of the South Manchuria Railway

The South Manchuria Railway Company functions in Manchuria as the Governor-General of Korea did there before the annexation. In order to build up our new Continental Empire, we must change the organization of that Company so as to break away from the present difficulties. The functions of this Company are varied and important. Every change of Cabinet involves a change of the administration of the South Manchuria Railway, and conversely every activity of the South Manchuria Railway also has important consequences on the Cabinet. This is because the South Manchuria Railway is semi-governmental, with final authority resting in the Cabinet. For this reason, the Powers invariably look upon this railway as a purely political organ rather than a business enterprise. Whenever a new move is made for the development of Manchuria and Mongolia, the Powers would invoke the Nine Power Treaty to thwart the plans of the South Manchuria Railway. This has greatly damaged the interests of our empire.

Considered from the point of view of domestic administration, the South Manchuria Railway is subject to a quadruple control. There are the Governor of Kwantung, the Chief Executive of Dairen, the Consul-General at Mukden, besides the President of the South Manchuria Railway itself. These four officers must meet and exchange views at Dairen before anything is undertaken. What is discussed in the meeting held in camera often leaks out to the Chinese authorites of the Three Eastern Provinces. They in turn would try to obstruct any forward movements of the South Manchuria Railway authorization. It again has to run the gauntlet at the Departments of Foreign Affairs, of Railways, of Finance and of Army. If these ministers do not agree, the matter is dropped. Therefore, although the present prime minister realizes his own incompetence, he has nevertheless taken concurrently the portfolio of foreign affairs, so that our movements in Manchuria may be kept confidential and the execution of our plans may be swift and decisive. On account of these reasons, the South Manchuria Railway should be radically re-organized. All appurtenant enterprises which are profit-making should be made independent companies under the wings of the South Manchuria Railway, so

that we may take determined steps on the conquest of Manchuria and Mongolia. On the other hand, Chinese, Europeans and Americans should be invited to invest money in the South Manchuria Railway on the condition that we have a plurality of its stocks. In that event the control of the Company is in our hands, and our mission from the empire can be discharged more vigorously. In short, by inviting international participation in the South Manchuria Railway, we can blind the eyes of the world. Having achieved that, we can push our advance in Manchuria and Mongolia at our will, free ourselves from the restraint of the Nine Power Treaty and strengthen our activities in that country with foreign capital.

The important appurtenant enterprises of the South Manchuria Railway are:—

1. IRON AND STEEL

Iron and steel are closely connected with national development. Every country today attaches great importance to it. But because of the lack of ores, we have found no solution to this problem. Hitherto we have had to import steel from the Yangtze Valley and the Malay Peninsula. But according to a secret survey of our General Staff, a wealth of iron mines are found in many places in Manchuria and Mongolia. A conservative estimate of the reserve is 10 billion tons. At first when there was a lack of technique, the Anshan Iron and Steel Works was involved in an annual loss of Yen, 3,000,000. Later, new methods were discovered, and the technique developed so that during 1926 the loss was only Yen 800,000. If the furnace is improved, we ought to earn at least Yen 4,000,000 a year. The quality of the ore at Penhsihu is excellent. By amalgamating it with the Anshan Iron and Steel Works, we shall have the comfort of being self-sufficient in iron and steel.

The iron deposits in Manchuria and Mongolia are estimated at 1,200,000,000 tons; and coal deposit of 2,500,000,000 tons. This coal ought to be sufficient for smelting iron ores. With such large amounts of iron and coal at our disposal, we ought to be self-sufficient for at least seventy years. At the rate of $100.00 profit on each ton of steel, for 350,000,000 tons of steel we shall have a profit of Yen 35,000,000,000. This is a tremendous asset to our economic resources. We shall save the expenses of Yen 120,000,000 which we pay for the importation of steel every year. When we can have sufficient iron and steel for our industries, we shall have acquired the secret for becoming the leading nation in the world. Thus strengthened, we can conquer both the East and the West. In order to attain this goal, the iron works must be separated from the South Manchuria Railway. Such unified control will keep China from preventing us to become self-sufficient in iron and

steel.

2. PETROLEUM

Another important commodity which we lack is petroleum. It is also essential to the existence of a nation. Fortunately, there lie in the Fushun Coal Mine 5,200,000,000 tons of shale oil, from every hundred catties of which six catties of crude oil may be extracted. By means of American Machinery, every hundred catties will yield nine catties of refined oil good for motor cars and battleships. At present, Japan import from foreign countries 700,000 tons of mineral oils every year valued at Yen 60,000,000. These figures are on the increase. As there are 50 billion tons of shale oil in the Fushun Mines, the yield calculated at five per cent would be 250,000,000 tons; at nine per cent, 450,000,000 tons of oil. Taking an average of the two, the yield would be 350,000,000 tons, and assuming the value of the oil to be fifteen yen a ton, the shale oil contained in the Fushun Mine would bring us Yen 2,250,000,000. This will be a great industrial revolution for us. From the standpoint of national defense and national wealth, petroleum is a great factor. Having the iron and petroleum of Manchuria, our army and navy will become impregnable walls of defence. That Manchuria and Mongolia are the heart and liver of our empire, is a truthful saying. For the sake of our empire, we should be congratulated.

Agricultural Fertilizer—Ammonia Sulphate and other Products

Agricultural fertilizer is a great necessity for the production of foodstuff. Chemical fertlizers depend upon the ammonia sulphate extracted from coal. The Fushun coal yields especially good results. At present, our total consumption of ammonia sulphate is 500,000 tons. Of this, only half is manufactured at home, using the coal from the Kailan or the Fushun Mining Companies. The remaining half is imported from abroad at the cost of Yen 35,000,000 a year. With our agricultural work daily increasing and in view of the development of our new empire in Manchuria and Mongolia, we shall easily need 1,000,000 tons of ammonia sulphate every year during the next ten years. From the soot gathered from the burning of Fushun coal connected with the manufacture of steel we could produce large quantities of ammonia sulphate. If the yield is put at 300,000 tons a year, we shall add an annual income of more than Yen 40,000,000. In fifty years, this will mount up to Yen 2,000,000,000. This money could be used for the improvement of our agriculture. If there is any surplus, we can buy bean-cakes with it and then invade the farms all over China and in the South Sea Islands. In order to accom-

plish this, we must separate this enterprise from the South Manchuria Railway. We shall then be able to control the fertilizers of the Far East.

Soda and Soda Ash

We import 100,000 tons of Soda Ash at the cost of more than Yen 10,000,000 a year. Both soda and soda ash are valuable materials for military and industrial purposes. Soda is derived from nothing more than salt and coal, both of which are cheap and abundant in Manchuria and Mongolia. If we go into this manufacture, we can supply not only ourselves but can also sell it to China with a view to controlling its industrial products. We ought to gain from it a profit of at least Yen 15,000,000 a year. We can also supply our own military and chemical needs. Again this industry must be separated from the South Manchuria Railway.

Magnesium and Aluminium

According to the independent surveys of the South Manchuria Railway Company and Dr. Honta of Tohoku University, magnesite and aluminium is a very promising business (in Manchuria). Magnesite is found in the surroundings of Tashichiao, and aluminium in the vicinity of Yentai. The deposit is one of the largest in the world. A ton of magnesite is worth Yen 2,000 and a ton of aluminium is worth about Yen 1,700. An estimate of the deposits of both minerals in Manchuria is Yen 750,000,000. These substances are especially useful for making aeroplanes, mess kits in the army, hospital apparatus and vessels, and other important industries. The United States alone has extensive deposits of these substances. The output of our country is one ton a year! Such materials are becoming more useful every day, but the supply is insufficient. Its price is growing high, as if never reaching a limit. The deposits in our territory of Manchuria and Mongolia, are nothing less than a God-given gift. This metal is really precious, being indispensable to both our industry and national defence. It also should be made in independent business, separate from the South Manchuria Railway. Its manufacture should be in Japan, so as to keep the Fengtien Government from imitating it on the one hand and to avoid the watchful eyes of the British and American capitalists on the other. After we have gained control of it in the Three Eastern Provinces, we may harness the water power of the Yalu River to work on these metal ores. In view of the development of aircraft, in the future all the world will come to us for the materials necessary for aeronautics.

If all the enterprises mentioned above are made independent under-

takings, they would make rapid progress and bring us at least a profit of 60 billion yen a year. The industrial development in South Manchuria means much to our national defence and economical progress. It will help us to build the foundation of an industrial empire. As to the cultural undertakings such as hospitals, schools and philanthropic institutions, they are our signal towers in the advance into Manchuria and Mongolia. They are the institutions for spreading our national prestige and power. More specifically, they are the baits for rights and privileges. Let us separate all these from the South Manchuria Railway in order that we may redouble our efforts and advance into North Manchuria to reclaim the source of great wealth there.

When these important undertakings become independent and are free to develop without the interference of our officials, they will naturally become channels of national prosperity. On the wings of economic development we could make rapid advance without either arousing the suspicion of the Powers or the anti-Japanese activities of the people of the Three Eastern Provinces. Such hidden methods would enable us to build the New Continental Empire with ease and efficiency.

The foreign loans for the South Manchuria Railway must be confined to those railroads already completed. Other railways built by us nominally under Chinese control, can either be amalgamated with the completed lines or made independent according to the desire of the investing nations. The slogan of "Equal Opportunity" helps us to get foreign loans as well as to dispel suspicion of our designs in North Manchuria. At any rate, we shall need foreign capital to develop our continental empire. When the South Manchuria Railway is open to foreign investments, the Powers will be glad to lend more to us and China can do nothing to block it. This is an excellent way to further our plans in Manchuria. We should lose no time in doing it. As to the wealth concentrated in the northern part of Manchuria and Mongolia, we should do likewise. The two new railways from Kirin to Hueining and from Changchun to Talai, as well as the lumber and mining interests, should also be managed as separate institutions.

The South Manchuria Railway will also be greatly enriched by our exploits in North Manchuria. In undertaking this, we must permit foreign investment on the South Manchuria Railway so that any profit that it makes is shared by other nations. When they share in the profits, no one will interfere with our activities in North Manchuria. Already Chinese immigrants are pouring into South Manchuria in large numbers. Their position will become stronger every day. As the right of renting land in the interior is not yet secured, our immigrants are gradually losing ground. Even if our government's backing will maintain our people there, they cannot compete with the Chinese due to the

latter's low standard of living. Our only chance now is to defeat the Chinese by heavy capitalization. This gain necessitates the use of foreign loans. This is so, especially because the riches of North Manchuria are even not accessible to the Chinese immigrants. We must seize the present opportunity, and hasten the progress of immigration by our own people and take possession of all rights there so as to shut out the Chinese. But in order to encourage immigration, rapid transportation is essential. This will both afford facilities to our people and bring the natural resources there to the would-be markets. Moreover, both Russia and ourselves have been increasing armaments. On account of geographical positions, we have conflicting interests. If we want to obtain the wealth of North Manchuria and to build up the New Continent according to the will of Emperor Meiji, we must rush our people into North Manchuria first and seek to break the friendship between Russia and China. In this way, we can enjoy the wealth of North Manchuria and hold at bay both Russia and China. In case of war, our immigrants in North Manchuria will combine with our forces in South Manchuria, and at one stroke settle the problem forever. In case this is not possible, they can still maintain their own in North Manchuria and supply the rest of us with food-stuff and raw materials. As the interests of North Manchuria and our country are so wrapped up, we should march directly into North Manchuria and pursue our settled policy.

The Necessity of Establishing a Colonial Department

Our exploitation of Manchuria takes a variety of forms. Often those in authority take such different views that even the most profitable undertaking for our country cannot be carried out. Because of the lack of speeds, our secrets are often exposed and are made propaganda materials by the Mukden Government much to the detriment of our country in international relations. Whenever a new undertaking is projected in Manchuria and Mongolia, it will become the subject of discussion of tens of meetings and conferences in Dairen. Not only the approval of the four-headed government there is necessary, but also the sanction of the cabinet at home has to be secured before anything can be carried out. Because of all these obstacles, any undertaking will take months and months before any definite results are seen. In the progress it is possible for the Chinese to employ Japanese adventurers to steal our secrets so that before a project is launched it is often reported to the Chinese and in turn it becomes common property of the world. We are suddenly brought under the check of world opinion, and more than once we have incurred hardships in putting into practice our policy toward Manchuria

and Mongolia. Furthermore, the opposition party has also made capital out of what they find in these regions in order to attack the government. All these have worked serious havoc with our diplomatic relations. Henceforth, we must change our practice in order to proceed adroitly. The centre of control must be in Tokyo. That will (1) insure secrecy, (2) stop China from knowing before-hand our plans, (3) avoid the suspicion of the Powers before a thing is done, (4) unify the multiple control in Manchuria and (5) bring the government agencies in Manchuria and Mongolia in close touch with the central government so as to deal with China with undivided power. For these reasons we should follow the original plan for absorbing Korea laid down by Ito and Katsura and establish a Colonial Department, the special function of which is to look after the expansion in Manchuria and Mongolia. The administration of Formosa, Korea and Saghalien Island may be its nominal function, but our expansion in Manchuria and Mongolia is its real purpose. This will blind the eyes of the world on the one hand and forestall the disclosure of secrets on the other.

It is my personal conviction that the fact that the absorption of Korea could not be effected during the administration of Ito, is due to the lack of a special office for control. Therefore, there were always differences of opinion and secret policies were impossible. Such a state of affairs played into the hands of international obstruction and Korean opposition. Then a number of propagandists went to Europe and America as well as Korea itself, declaring that we firmly respected the independence of Korea and had no designs on an inch of Korean territory. The result of their work was the recovery of international confidence. After that, a colonial department was established under the pretence of Formosa. Then we seized the opportunity and the object was gained! It goes to prove that in order to undertake colonization and immigration a special office for it is absolutely necessary. Moreover, the creation of a new empire in Manchuria and Mongolia is of utmost importance to the existence of Japan. It is necessary to have a special colonial office in order that the politics in that vast territory may be controlled from Tokyo. The officers in the field should only take orders; they should not interfere with the execution of policies where they please. This will insure secrecy; and the opposition nations have no chance of getting into the secrets of our colonial activities. Then our movements regarding Manchuria and Mongolia will be beyond the reach of international public opinion, and we shall be free from interferences.

As to the subsidiary enterprises of the South Manchuria Railway such as the Development Company, the Land Company, and the Trust Company, the power of supervision and planning should also be in the colonial office. They should all be under united control, in order that they

may all help in the general policy of expansion in Manchuria and Mongolia of the Imperial Government and complete the creation of the new empire.

Taling River Valley on Peking-Mukden Railway

The Taling River Valley is a wide area sparsely populated but infested with bandits. Many Koreans have made investment here, especially in rice field. Judging from its resources, this region is bound to be prosperous. It will also be an advantageous foothold for us if we want to expand into the Jehol region. We should give full protection to our Korean subjects here and wait for an opportunity to secure from China the right of colonization so that our immigrants may live here and act as our vanguards to Jehol and Mongolia. In case of warfare, this valley will be a strategic point to quarter large armies of soldiers. We shall then not only check the Chinese soldiers from advancing north but also hold the key to the immense wealth of South Manchuria. When Koreans come into this region we should finance them through our Trust and other financial organs with a view to gaining for these organs the actual ownership while the Koreans may satisfy themselves with the right of farming only. Ostensibly the ownership of land must reside with the Koreans. It is a convenient way of securing rights from the Chinese government. Henceforth the trust companies and financial organs should give them full backing when our own and Korean subjects wish to gain land ownership. If they need money to buy farms from the Chinese, the financial organs should also come to their aid. Unnoticeably we shall gain control of the better rice fields which we may give to our own emigrants. They shall displace the Koreans who in turn may go on opening new fields, to deliver to the convenient use of our own people. This is the policy with respect to the colonization of the rice field and bean farms. As to the policy for herd farming, the Development Company should be especially entrusted gradually to expand, eventually placing all the wealth of herds at the disposal of our country. This same company may also take care of horse breeding and select the best out of Mongolia for the use of our national defense.

Precaution against Chinese Migration

Recently the internal disturbances in China have driven large hordes of immigrants into Manchuria and Mongolia, thereby threatening the advance of our migration. For the sake of our activities in this field we should not fail to take precautions. The fact that the Chinese govern-

ment welcomes this migration and does nothing to hold back the tide oppresses our policy even the more seriously. A noted American sinologue has made the statement that the Mukden authorities are carrying out such effective government that all people are moving into their territory. Therefore, the influx of immigrants is looked upon as a mark of effective government of Mukden authorities. We, of course, are concerned. Unless we put a stop to it, in less than ten years our own policy of emmigration will prove an instrument for China to crush us with. Politically we must use police force to check this tendency as much as possible and economically our financiers should drive the Chinese out with low wages. Furthermore, we must develop and expand electric power to displace human labor. This will keep out Chinese immigrants as well as monopolize the control of motor force as a first step toward controlling the industrial development of this vast region.

Hospitals and Schools

Hospitals and schools in Manchuria must be independent of the South Manchuria Railway. For the people have often considered these as institutions of imperialism and refuse to have anything to do with them. When these are separated and made independent institutions we shall be able to make the people realize our goodness so that they will feel thankful to us. But in establishing schools emphasis should be laid on normal schools for men and women. Through these in educational work we may build up a substantial good-will among the people towards Japan. This is our first principle of cultural structure.

APPENDIX M

GENERAL HONJO'S PLAN*

Submitted to Minister of War, by Gen. I. S. Honjo, Commander of Japanese Kwantung Army, on the eve of Mukden Incident, outlining the positive policy of occupying Manchuria and conquering the East Asia

Your Excellency, General Jiro Minami,
Minister of War.

Having carefully studied the question of perpetuating the national existence of our Empire and consolidating its position as a first-class power, I. S. Honjo, have come to the conclusion that unless we actually occupy Manchuria and Mongolia which we have developed for three decades and attain the object which we had when we despatched a military expedition to certain places in Siberia in the 8th year of Taisho, so as to unite the above places and Korea with our interior as one piece of territory, during this opportune moment when the world is facing an economic depression, when the five-year scheme of Soviet Russia is not yet completed, and when the unification of China is not yet accomplished, we cannot expect to effect the consolidation of the national foundation of our Empire in the present-day conditions of the world. I shall now report in detail the result of my investigation so far made.

The renaissance of China, the continuous existence of "Red" Russia and the eastward advance by the United States on the Pacific Ocean, are all anathemas against the national policy of our Empire. But in order to be able to prevent the eastward advance of American influence, we must first consolidate our national defences on the land and attain a position of independence as far as material supplies are concerned. Therefore, before declaring war on America, we must strive to gain a superior position for our military strength both in China and in Russia. We must aim to cripple China and Russia once for all; or in case we

*From *The China Critic*, a Chinese-edited English weekly, Shanghai, Vol. IV No. 49 (December 3, 1931), pp. 1183-1184. Interpretation in the marks [ ] is given by the author.

should be unable to destroy their power entirely, we must at least reduce them to temporary impotency so that they would not be able for some time to attack us or to regain their feet. Our Empire would thus be enabled to seize hold of vast quantities of rich natural resources in our newly occupied lands. When profitably applied, they could be the means of strengthening our sea defences, and driving the American influence to the east of Hawaii. Then there could be no question at all that the Philippine Islands would fall into our control. We could then be the sole master on the Pacific and nobody would be in a position to compete with us or to make a protest.

Having vanquished the American influence in the East, the British influence in Singapore and Hongkong would not be potent enough to do us any harm; moreover, it would soon be destroyed by our navy also; while the southern sea of China would likewise come under our jurisdiction. Thus, all the 400 counties of China would fall into our hands, while the unification of the whole of Asia and the subjugation of Europe would both prove to be tasks quite feasible and not difficult to be carried out. Let us try to state our order of procedure as follows:

Our first step should be to occupy Manchuria and Mongolia of China and make them an independent state of Manchuria and Mongolia.

Our second step would require us to make good use of the Chinese Eastern Railway to attack and penetrate Siberia until we have occupied Upper Udinsk and forced Russia to cede to us the great plains east of the Lena River and up to the Behring Strait. We could then help the White Russians and the Buriats to inaugurate an independent state of the Far East. Of course, these two independent states (Manchuria and Mongolia and The Far East) would be ruled and controlled each by a governor-general appointed by Japan. Thus, the Sea of Okhotsk and the Sea of Japan would both be wholly incorporated as part of our Empire, and we would have then to look after its sea defences facing the southeast only.

Should the above-mentioned places fall into our control, their rich resources would, I find, really contribute very materially to making our Empire a first-class power in every sense of the term, whose position as a military power would be impregnable.

I find that Manchuria and Mongolia of China comprise three provinces, namely, Fengtien (Liaoning), Kirin and Heilungkiang and the easternmost part of Inner and Outer Mongolia with an area of over 74,000 [*sic*] square miles, or nearly treble the size of our Island Empire. The large plains east of the Lena River in Russia embrace all the lands in the provinces of Lower Baikal, Yakutsk and Amur as well as the North Sakhalin; and their area is over 300,000 square miles, or more

than seven times the area of Japan Proper. The total number of population in these two regions is less than forty millions, only about a half of our own population (including the population of Korea and Formosa). With such an extensive area of territory so sparsely populated in our possession, our Imperial Government need feel no apprehension at all as regards the accommodation for any surplus population for the next two hundred years provided every opportunity to make use of the advantages be availed of.

In addition, the riches in agriculture, mines, forestry, cattle-breeding and fishery there are truly incalculable. Besides, the lengthy rivers and large lakes are also very precious in the water power which they are able to furnish would supply whatever amount of electricity these plains might require. As the fertility of the vast tracts of land along both banks of the Sungari and Nonni rivers and the Liaoho and Heilungkiang is well-known, their development in a skilful way by the engineers of Japan would surely result in the multiplication of their productive quantity, 3/4% of which would be ample to make up the deficiency of agricultural products in Japan, while more than 80% could be diverted to meet the requirements of world markets.

The field for the fishing industry along the coast of the Sea of Okhotsk is counted to be one of the three principal fields in which the fishing industries flourish most in the world. If the industry is developed by the Imperial Japanese Government with all its available resources, the profit to be derived therefrom is estimated to amount to something round about Yen 100,000,000 per annum. Even more than this enormous amount will be the profit derivable from hunting whales.

Ponies abound in Chita and Jehol. Hides and wool are produced in unlimited quantities in many places. Raw material for making silk fabrics now being imported could be supplied from our own production. Oil mines have, to my knowledge, been found in as many as fifty spots, and the quantity they hold is believed to be equal to the quantity found in two of the richest oil-bearing provinces. The problem to meet the fuel requirements of our industries, our navy and aviation service would thus be solved once for all. Gold in large quantities is also embowelled in the earth. China and Russia have opened gold mines at eight places. During this time of a shortage of gold production, if we would but devote our Empire's energy to an intensive digging for gold, our national wealth could be increased a hundredfold.

Coal and iron need not be mentioned. Compared with the poverty-stricken conditions in our interior, these regions appear, indeed, to be the happy land in Heaven. If we make good use of these resources, there can be no limit to the expansion of our industries in the future.

Forest wood is as profusely grown there as in Canada. If our paper manufacturers would make advantageous use of this produce, they could control the markets of the world.

If all the above-mentioned places are placed under our administration, our Empire will in less than ten years acquire a wealth exceeding that of the United States of America. When that time arrives, will there be any country in the world which will be found sufficiently powerful to oppose and compete with our Empire?

With such wealth and resources at our disposal, we would encounter not the slightest difficulty even should we elect to train an army twice the size of the armies of China and Russia and to maintain a navy equal in strength to the navies of Great Britain and the United States. We would then be in a position to drive away the United States to the east of Hawaii and Great Britain to the west of Singapore and to hold supreme power on the Pacific without any difficulty. While all the islands constituting the South Sea Archipelago now under Dutch rule as well as the British colonies of Australia, New Zealand, etc., would be within easy grasp at our Imperial will. Once we had attained such an influential position, we could proceed to conquer the whole country of China and the whole continent of Asia, and further to subjugate the whole continent of Europe as well as that of Africa by force until we had gained control of the Eastern Hemisphere of the globe when we would share equally with the United States (the good things of) this world, in accordance with the instructions contained in the will of our late Emperor Meiji and as becomes the fitting duty that our Taiwa Race (Japanese nation) must carry out.

At present, Russia and China are still in the preliminary stage of the process of their rebirth, that is, they are both still weak in strength. Were we to bring our military pressure to bear upon them now, they could be swept off their feet as easily as the breaking of a rotten log. If we did not act at this moment; if we should passively watch the unification of China to become a *fait accompli*, the execution of Chiang Kai-shek's ambitious program for the reconstruction of China to its logical end, and the completion of the five-year industrial plan by Soviet Russia, not only would the hopes and aspirations which our Empire is looking forward to materialize in the future be all shattered, but a great calamity would, I am afraid, soon befall our Imperial Nation.

I beg to lay before Your Excellency a detailed report, together with sketches and plans, presenting the result of investigations I have made for your consideration.

(Plans and sketches not reproduced.)

APPENDIX N

PERSONAL INQUIRY OF THE AUTHOR ON THE COUNTRIES WHICH RECOGNIZED MANCHUKUO AND THE DATES ON WHICH THEIR RECOGNITION WAS MADE; AND INFORMATION OF U. S. CONGRESS LIBRARY, APRIL 20, 1959

(1)

Personal Inquiry of the Author

778 San Sebastian St.
Manila, Philippines
April 9, 1959

Mr. Librarian
Congress Library
Washington, D. C.
U. S. A.

Dear Sir:

I take the liberty to write to you that I am now studying the subject of "Manchukuo" which was created by Japan on the eve of World War II and I have come across an unsettled question—what countries had recognized Manchukuo? and on what dates did they recognize it respectively? and under what conditions, if any, were their recognitions made? For the settlement of the above-mentioned question, your kind help is sincerely sought.

It is stated in Paul Hibbert Clyde, *The Far East* (New York: Prentice-Hall, Inc., 1952), p. 645 that,

> "In line with the American Non-recognition Doctrine, none of the great powers, save Japan, at first recognized Manchukuo, and of the small powers, only El Salvador, the Papacy, and the Dominion* Republic had extended recognition by 1934. Germany,

*As soon as this letter of inquiry was mailed, it was found that the word "Dominion" has been revised into "Dominican" in the 3rd. ed., 1958 of Paul H. Clyde, *The Far East*, pp. 564-565.

however, gave qualified recognition in a trade agreement of the same year, renewed for a second three years in 1937, and in November, 1937, Italy formally recognized the puppet state. Full German recognition came on May 12, 1938, and was soon followed by recognition from Poland and Hungary. . . ."

In the above quotation I have some doubts: (1) Did Papacy recognize Manchukuo? (2) Is there a Dominion Republic in the world, and, if none, what should be the word mistaken for "Dominion" by the author? Is it not the Dominican Republic? and (3) Are all the dates on which the recognition of Manchukuo was made by the said countries correct?

On the other hand, in my memory it seems that El Salvador recognized Manchukuo on April 6, 1933 (to Clyde in 1934) and Italy on November 28, 1933 (to Clyde in Nov., 1937). It is remembered that in the Japanese-Italian Agreement of Nov. 28, 1933, Japan and Italy respectively recognized the Italian Empire in Ethiopia and the Japanese Manchukuo in Manchuria.

It will be much appreciated if you can kindly help me solve the above question and favour me with an answer at your earliest convenience. I will pay you for services offered to me, if payment is necessary.

Many thanks and with best wishes, I remain

Respectfully yours,

(Signed) MO SHEN

(2)

Information of U. S. Congress Library
April 20, 1959

THE LIBRARY OF CONGRESS
Washington 25, D. C.

Reference Department
Orientalia Division

April 20, 1959

Dear Mr. Shen:

Your inquiry of April 9, 1959 has been referred to this Section for reply.

The information we have is given below, with number keyed to those on your questions. The information has been obtained from the *Manshûkoku nempyô* [Chronological table of Manchoukuo] (Tokyo, 1956), which was compiled in preparation for a later comprehensive history of Man-

choukuo. Each entry in this work is followed by a citation of its source. According to this work:

(1) The Vatican recognized Manchoukuo on April, 1934 (cf. *Manshû nenkan* [Manchuria Yearbook], 1937 ed., p. 8). No date of the month is given.

(2) The above chronological table is not indexed, and so the possibility of certain entries having been missed exists, but insofar as we have examined this work, there is no mention of either a "Dominion" Republic, or the Dominican Republic.

(3) El Salvador recognized Manchoukuo on May 19, 1934 (cf. *Manshûkoku Seifu Kôkô* [Manchoukuo Official Gazette], no. 71, p. 212. Hereafter cited as *Gazette*).

(4) Germany officially recognized Manchoukuo on February 20, 1938 (cf. *Manshû Nichi-nichi Shimbun* [Manchuria Daily News], February 22, 1938. Hereafter cited as *Nichi-nichi*). But a German consul had arrived in Mukden on November 7, 1936 (cf. *Gazette*, no. 789, p. 91).

(5) Italy recognized Manchoukuo on November 29, 1936 simultaneously with Japan's recognition of the annexation of Ethiopia by Italy (cf. *Nichi-nichi*, November 30, 1936).

(6) Poland recognized Manchoukuo on October 19, 1938 (cf. *Nichi-nichi*, October 19, 1938).

(7) Hungary recognized Manchoukuo on January 14, 1939 (cf. *Gazette*, no. 1429, p. 246).

Sincerely Yours,

(Signed) OSAMU SHIMIZU
Head, Japanese Section

Mr. Mo Shen
778 San Sebastian Street
Manila, Philippines

AIRMAIL

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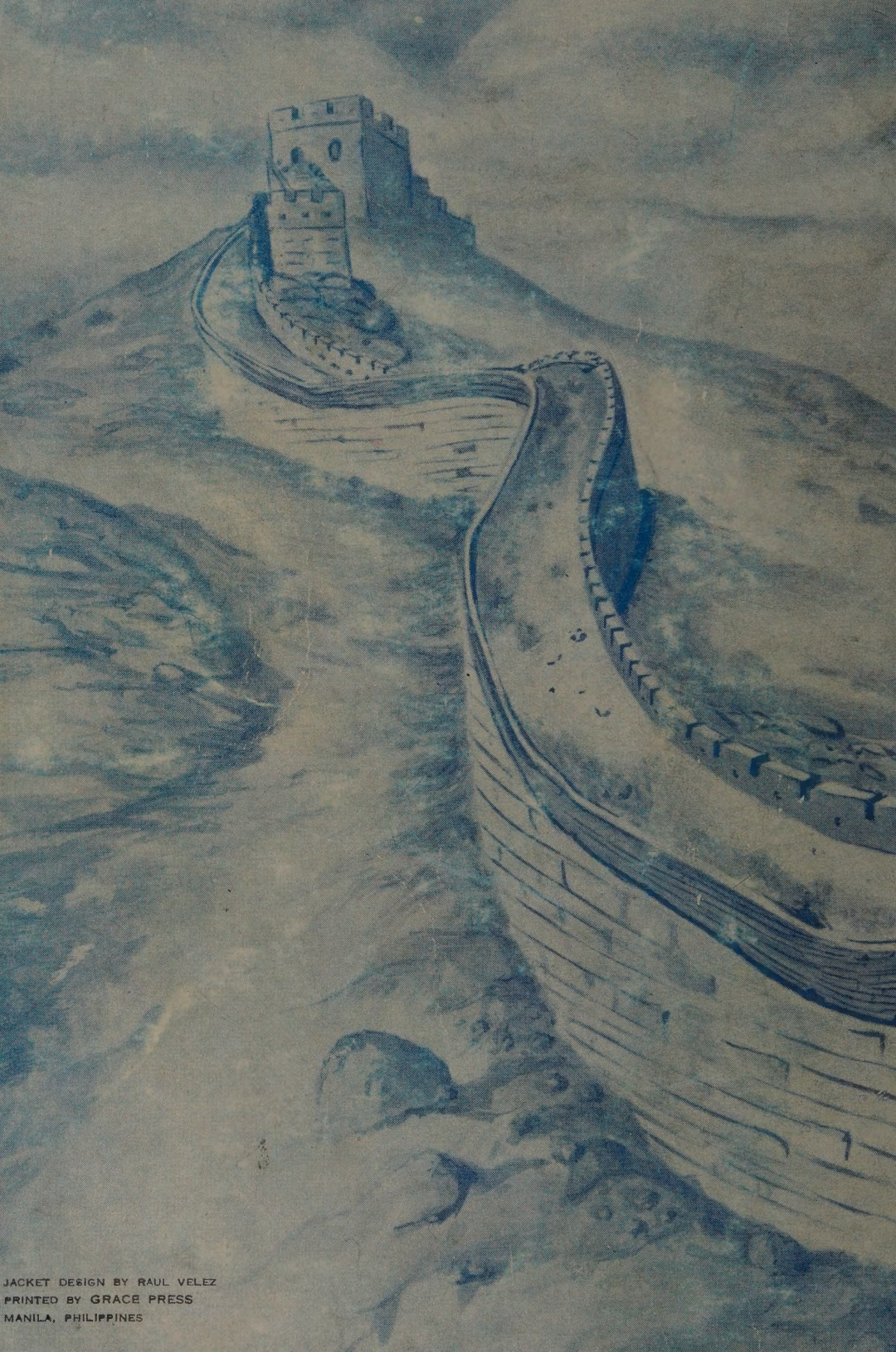

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